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Annual report of the Executive Director

Summary

I am proud to present the first UNOPS annual report aligned to the Global Reporting Initiative – the sustainability reporting organization developed in collaboration with the United Nations Environment Programme and the United Nations Global Compact. This step highlights our willingness to adopt leading standards in the way we report on our work in over 80 countries around the world.

In 2016, UNOPS supported the United Nations in addressing peacebuilding, humanitarian and development priorities in places such as Haiti, Myanmar, South Sudan, Somalia, Syria and Yemen. We increased the support we offer directly to governments, and, with close to 11,000 people on UNOPS contracts, lent our technical expertise and efficiency to both United Nations partners and the wider global development system.

UNOPS-supported projects created more than 3 million days of paid work for local people. We worked on more than 3,000 kilometres of roads, 50 schools, 74 hospitals and 278 health centres. More than 47 million medical supplies were handled, including the distribution of over 30 million mosquito nets. Over 100 million doses of medicine were procured or distributed.

UNOPS delivery in 2016 reflects a consistent and stable demand for UNOPS services from its diverse range of partners. The organization continued to improve the way it operates, remains financially solid, and aims to increase its work in support of Agenda 2030.

Elements of a decision

The Executive Board may wish to: (a) recognize UNOPS contributions to the operational results of governments, the United Nations and other partners in 2016, through efficient management support services and effective specialized technical expertise, expanding the implementation capacity for sustainable development; (b) take note of the progress made in advancing the potential for facilitating partnerships for social impact investments in the areas of the UNOPS mandate; (c) acknowledge efforts made to enhance reporting on UNOPS contributions to partners' sustainable results, including the pursuit of best practices and recognized standards; and (d) welcome the progress made in implementing the UNOPS strategic plan, 2014-2017, as calibrated through the midterm review, which reconfirms the viability of its unique demand-driven business model and establishes strong foundations for UNOPS to support Member States' achievement of the 2030 Agenda. The Board may also wish to welcome the UNOPS annual report on the recommendations of the Joint Inspection Unit and the considerable progress made in implementing recommendations of relevance to UNOPS.

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Annexes (available on the Executive Board web page)

This report is based on data that is fully compliant with the Global Reporting Initiative ('GRI'), detailed in annex I

I. Introduction

1. The Executive Director is pleased to inform the Executive Board of progress made during 2016 in implementing the UNOPS strategic plan, 2014-2017. In doing so UNOPS has helped people build better lives and countries achieve sustainable development.

II. Results framework

2. The UNOPS mandate was established by the General Assembly in resolution 65/176. The Executive Board approved the UNOPS strategic plan, 2014-2017, in its decision 2013/23. The Board welcomed the enhanced focus of UNOPS services to partners, and the emphasis on sustainability, national ownership and capacity development.

3. In 2016, a midterm review of the UNOPS strategic plan was conducted to position the organization for the development of its strategic plan, 2018-2021, and to establish priorities for the conclusion of the strategic plan, 2014-2017.

4. In response to the midterm review, UNOPS is organizing its work around its mandated 'core-competencies', or focus areas: effective, specialized technical expertise in infrastructure; procurement and project management; and efficient management support services.

5. In addition to the focus areas, as requested by the Board, UNOPS has been establishing the groundwork to explore a third area: expanding the pool of resources for Agenda 2030, including from the private sector.

6. In 2016, over 900 projects were assessed using the focus areas, of which 578 reported contributions to sustainability across a range of economic, environmental and social aspects. Percentages reflecting sustainability results throughout this report are weighted by delivery. Details of the results framework and reporting methodology are outlined in annex II.

7. Information in this report is aligned to Global Reporting Initiative sustainability standards. Further details of UNOPS results with associated Global Reporting Initiative indicators are available in annex I.

III. Highlights of results

8. During the course of project implementation, more than 3 million days of paid work for local people were created in 2016, the majority generated as part of infrastructure projects. In 2015, 2.2 million days of paid work were created.

9. UNOPS is committed to climate neutrality. In 2016, UNOPS operations emitted 14,892 tonnes of carbon dioxide equivalent, the common unit for describing greenhouse gas emissions. In comparison, 16,753 tonnes were reported the previous year. All UNOPS emissions are offset using certified emission reductions, with gold standard certification developed under the United Nations Clean Development Mechanism.

10. UNOPS provided over 50,000 days of technical assistance to its partners, up from 44,000 in 2015. In addition, UNOPS helped develop local capacity by supporting more than 10,000 training days. Approximately 55 per cent of all projects supported by UNOPS reported one or more activities that contributed to developing national capacity.

11. UNOPS constructed, designed or rehabilitated 90 bridges, 3,025 kilometres of road, and 2 ports, compared with 38 bridges, 2,572 kilometres of road, and 1 port in 2015. UNOPS managed the construction, design or rehabilitation of 50 schools, 74 hospitals and 278 health clinics. In 2015, the numbers included 46 schools, 2 universities, 25 hospitals and 105 health clinics.

12. Forty-one police stations and 8 prisons were constructed, designed or renovated, as well as 3 courthouses and 2 customs and border facilities. In 2015, UNOPS constructed, designed or renovated 3 prisons, 6 courthouses and 2 customs and border facilities.

13. UNOPS procured more than $900 million worth of goods and services for its partners in 2016, from more than 5,000 vendors. That figure represents a 26 per cent rise over the $717 million reported in 2015. UNOPS also provided common procurement services across the United Nations, such as procuring over $80 million worth of goods through UN Web Buy (compared with almost $60 million in 2015).

14. UNOPS is committed to strengthening national and local economies by supporting local suppliers. In locations of operations where UNOPS maintains a physical presence, 47 per cent of procurement budgets were awarded to local suppliers, representing more than $400 million.

15. In 2016, UNOPS supported the mine-clearance work of the United Nations Mine Action Service (UNMAS) and its partners in 18 countries and territories.

16. Over 24,000 units of machinery or equipment were procured by UNOPS for its partners in 2016, compared with 39,000 the year before. More than 47 million medical supplies were handled, including the distribution of over 36 million mosquito nets. Over 101 million doses of medicine were procured or distributed, compared to 114 million in 2015.

17. In 2016, UNOPS delivery was associated with core service lines shown in table 1, below.

Table 1. Percentage of delivery associated with UNOPS respective service lines

Service line	*Percentage of total delivery*
Procurement	36
Financial management	22
Infrastructure	18
Human resources	16
Project management	6
Shared services	1

IV. Operational results

A. Effective specialized technical expertise

18. The ambition of UNOPS is to help people achieve individual, local, national and global objectives through effective technical expertise grounded in international norms and standards. It provides a wide range of technical expertise in infrastructure; procurement and project management.

19. UNOPS contributes to social sustainability through means that include exercising due diligence and respect for international human rights principles; engaging local communities, with an emphasis on protecting the most vulnerable; facilitating access to food, water, sanitation, energy, health, education, justice, and security-related services; and mainstreaming gender equality in its activities. UNOPS also provides advice and implementation support in disaster risk reduction for resilience.

20. As part of its efforts to improve security and access to justice for poor and marginalized people in Nepal, UNOPS is constructing twenty earthquake-resilient police units on behalf of the Department for International Development (DFID) of the United Kingdom. Each structure is designed to be sustainable, environmentally friendly and accessible for diverse users, taking into account gender considerations as well as the unique needs of children and people of differing abilities. In 2016, 19,484 labour days for local workers were created as part of activities related to this project.

21. Fifty per cent of all UNOPS-supported projects reported measures to mitigate negative environmental effects. In Sri Lanka, 400,000 people will benefit from improved waste management facilities that have been developed to ensure that waste is disposed of without damaging the environment or negatively affecting communities. In 2016, 1,300 days of technical assistance were provided under this project, completed as part of the European Union development contribution to

Sri Lanka. Under the same programme, UNOPS is constructing and rehabilitating drainage, wastewater and sewage management solutions in two other districts of Sri Lanka, increasing the resilience of local communities through improved flood-control infrastructure and training.

Box 1: Bringing life-saving supplies into Yemen

The humanitarian situation in Yemen continues to deteriorate. Over 18 million people are in need, including 10.3 million people in acute need, and 14.1 million people are food insecure. While the humanitarian actors continue to provide assistance to those most affected by the current crisis, the vast majority of the needs of the Yemeni people are met through commercial deliveries into the country.

To facilitate the inflow of commercial goods, UNOPS established the United Nations Verification and Inspection Mechanism for Yemen in December 2015 on behalf of the Government of Yemen, the United Nations Member States, and the United Nations Office for the Coordination of Humanitarian Affairs. The mechanism, run by UNOPS since 15 December 2015, facilitates commercial maritime traffic to Yemeni ports that are not under the control of the Government of Yemen and ensures compliance with United Nations Security Council resolutions.

Since 5 May 2016, the mechanism has cleared over 370 commercial vessels, successfully offloading over 6.6 million metric tonnes of food, fuel and supplies to the Yemeni ports of Hodeidah, Ras Isa and Saleef. In October 2016, the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator exhorted Member States to continue supporting the mechanism. "Let us back something that is working", he said

22. UNOPS provides assistance to governments to encourage social and economic empowerment. It contributes to economic sustainability by creating local employment and income opportunities, and enhances access to markets using local suppliers. Contributions to social empowerment include involving stakeholder groups in the implementation, monitoring and evaluation phases of projects.

23. In South Sudan, for example, UNOPS constructed a port on the White Nile in 2016, with funding from the Government of Japan. The port helps expedite the delivery of humanitarian aid, providing life-saving supplies to the civilian population and facilitating the movement of displaced people to shelter. Prior to construction, discussions with local internally displaced persons and host communities influenced the location of the drainage system based on how it would affect sanitation for those living in the surrounding area. Of those people, 100 were also employed during the construction phase.

24. Developing national capacity includes providing advice and training in support of project objectives. In a relevant example of South-South cooperation, UNOPS constructed two new roads in Jamaica on behalf of the Government of Mexico. UNOPS was responsible for implementing a project adopting a labour-based approach in the local community. UNOPS designed and constructed 1,650 metres of road to connect approximately 1 million people to waste management facilities. A formal training and certification programme was established for masons and carpenters. The UNOPS team worked with community leaders to provide jobs for nearly 300 people living in the area, creating 15,000 labour days for local workers, 35 per cent of whom were women. In 2016, 27 per cent of UNOPS-supported projects reported on-the-job learning elements for local workers.

25. UNOPS supports innovative and progressive solutions wherever possible. In Ethiopia, for example, with the United Nations country team and on behalf of the Ministry of Health, UNOPS procured and delivered the country's first biosafety level 3 mobile laboratory, which will make it possible to diagnose serious or potentially lethal infectious disease outbreaks such as Ebola. The laboratory is designed to protect personnel, as well as the environment, from highly contagious disease-causing agents. UNOPS facilitated training in the use of the new equipment for medical experts from the Ethiopian Public Health Institute.

Box 2. Supporting a coordinated humanitarian response in Iraq

The Iraq Internally Displaced Persons Information Centre is a toll-free helpline providing life-saving information to millions of internally displaced people across the country. The Centre serves as a centralized humanitarian resource to affected

populations and a common service to humanitarian partners. Based in Erbil, it is one of the largest United Nations inter-agency collective accountability projects of its kind.

There are 4.1 million internally displaced people in Iraq. Eleven million are in need of humanitarian assistance, and 2016 saw continued violence across the region. On an average day, the helpline fields up to 400 calls. Last year, 50,750 calls were handled, and the Centre shared information with 305,524 people. Twenty-one per cent of the calls came from women.

Trained operators provide callers with information on where and how to access humanitarian aid, including food, medical assistance, child protection, cash assistance and temporary shelter. By providing feedback to aid agencies on the urgent needs of internally displaced people, the Centre provides a vital link to help improve the humanitarian response in the country. The helpline is also used to report cases of sexual violence and abuse to the relevant authorities.

UNOPS works with government authorities and telephone companies to ensure reliable services across Iraq. All calls are free of charge. Operators speak to people from across the 19 governorates, relaying information in Arabic, Kurdish (Sorani and Badine) and English.

The project is implemented by UNOPS on behalf of its partners, including the Iraq humanitarian pooled fund, the United Nations High Commissioner for Refugees (UNHCR), the World Food Programme (WFP), the Office of the United Nations Resident and Humanitarian Coordinator in Iraq, the World Health Organization, and the United Nations Office for the Coordination of Humanitarian Affairs.

26. As part of wider humanitarian relief efforts in the Middle East, UNOPS, on behalf of the Government of Japan, constructed and rehabilitated 30 community police centres for the Kurdistan Regional Government in Iraq, to help police officers respond to the growing needs of internally displaced people, Syrian refugees and host communities across the Kurdistan region. Training sessions for police officers were also conducted, in partnership with the United Nations Assistance Mission for Iraq division of the Office of the United Nations High Commissioner for Human Rights, to improve the impact and effectiveness of police officers, focusing on human rights and gender in particular. In 2016, 60 per cent of UNOPS-supported projects reported elements of local community engagement and development.

27. Several projects included measures related to achieving gender and diversity goals. In Eastern Sudan, UNOPS rehabilitated three health facilities in Gedaref, Red Sea and Kassala, to strengthen maternal and child health. Funded by Italian Development Cooperation, rehabilitation engaged local communities to ensure that gender equality, ease of access to basic health services for local communities, job creation and capacity development considerations were integrated into the design and construction works. Fifty-five per cent of UNOPS-supported projects reported activities related to achieving gender and diversity goals.

28. In 2016, with funding from the Swedish International Development Cooperation Agency, UNOPS worked on more than 500 kilometres of roads in northern Afghanistan, helping provide rural communities with year-round access to markets, health care and basic services. The project trained 60 engineering graduates in road design, construction and maintenance, and 30 community representatives in operations and maintenance activities. Thirty female entrepreneurs were trained in business skills. In 2016, the project created 52,639 labour days for local men and 23,845 labour days for local women.

29. To support efforts to diversify and increase access to energy in Sierra Leone, UNOPS, with funding from DFID, planned 90 solar-powered mini-grids, to be constructed across rural areas of the country. In cooperation with the Ministry of Energy, the rural renewable energy project will benefit up to 400,000 people, using solar energy to tackle energy poverty. The availability of electricity at the village level provides an opportunity to build capacity among local businesses and women through the operation and maintenance of the mini-grid infrastructure.

Box 3. Using green technology to reduce maternal mortality in East Africa

Across Africa, women still die unnecessarily while giving birth. In Kenya, approximately 360 women die for every 100,000 births – a rate of maternal mortality that is among the highest in the world.

In partnership with the United Nations Children's Fund, UNOPS is working to help address this challenge and strengthen health-care services across the country.

The project will establish centres of excellence to reduce maternal and neonatal deaths across five counties in Kenya, to improve the quality and sustainability of healthcare infrastructure. Nationwide, UNOPS has conducted assessments of 150 health clinics and developed designs for green technology retrofits to improve 42 health clinics with a range of solar-powered solutions designed to minimize electricity usage and provide access to water services.

By the end of 2016, 98 health clinics had been assessed for infrastructure upgrades in the project. Two clinics had been completely rehabilitated and construction on another five had been completed. UNOPS provided training to nurses, clinical officers, community health extension workers and volunteers. To date, UNOPS has helped train 4,469 community volunteers and 2,773 health workers in this project.

30. To reduce fraud and reinforce peace and security, UNOPS is supporting law-enforcement activities in Somalia by providing a secure means to ensure that federal police officers are paid their stipends. In a project funded by the European Union, UNOPS manages the accurate and safe delivery of funds to a maximum of 6,860 individual officers. All stipends are delivered directly to the bank accounts of police officers using Somali financial systems, thus ensuring the efficient and transparent disbursement of funds. In 2016, UNOPS provided 152 days of technical assistance through public financial management support training to the Ministry of Finance and the Central Bank.

31. In Libya, UNOPS provided project support to the Organization for the Prohibition of Chemical Weapons and the national authority for the implementation of the chemical weapons convention, sourcing, purchasing and delivering equipment related to the detection, protection, and destruction of chemical weapons. The support assisted in reducing the threat of chemical weapons and helped with efforts to stabilize the region.

32. Following earlier success, the Government of Paraguay requested UNOPS to support small-scale producers in some of the poorest areas. In 2016, UNOPS helped rehabilitate 9,543 hectares of sustainable agricultural land by purchasing certified seeds, conditioning soil, mechanically planting seeds and training smallholder and family farmers in marketing their services as a cooperative. Since 2015, UNOPS has helped increase productivity and improve incomes for 6,622 families living in poverty and extreme poverty throughout six departments in rural Paraguay.

33. In St Lucia, with funding from the Government of Mexico, UNOPS is constructing a water-supply system comprising a new river-water intake and treatment plant coupled with upgrades to the local water transmission network. These activities are part of a range of improvements to local water supplies benefiting approximately 10,000 residents in the Dennery region of the small island developing country. In 2016, UNOPS conducted consultations to inform design and construction activities, and initiated a community awareness campaign.

34. A key element of rebuilding efforts in Gaza is a project implemented by UNOPS under the Gaza Reconstruction Mechanism, a temporary agreement between the State of Palestine and Israel under United Nations administration. The project allows much-needed reconstruction materials to enter the territory. In 2016, 713,797 tonnes of cement were imported into Gaza through the mechanism, to rebuild homes and large-scale projects such as hospitals, schools, and water, sanitation and hygiene facilities. Project materials built or rebuilt homes for approximately 16,380 Gazans. Local suppliers participated by registering, helping to boost the local economy by placing the local private sector at the centre of reconstruction efforts. In 2016, 44 per cent of UNOPS-supported projects reported positive impacts on local economies.

35. With the goal of eradicating polio in Afghanistan, UNOPS designed and constructed the Polio Emergency Operations Centre in Kabul. The Bill and Melinda Gates Foundation funded the centre, which will also support the Ministry of Public Health during health-related emergencies.

Environmental sustainability measures include solar panels on the roof providing 35 kilowatts of power, an earthquake-resistant building design, and additional measures to reduce operating costs.

36. Through support to eight missions throughout Africa, UNOPS contributed to the peacebuilding work of the Department of Peacekeeping Operations and Department of Political Affairs. In northern Mali, this included support to the United Nations Multidimensional Integrated Stabilization Mission to improve peace and security by constructing seven camps for ex-combatants in the Gao, Kidal and Timbuktu regions. Under the same project, UNOPS procured 1,056 tents to shelter ex-combatants, and 30,892 emergency relief items. The project created 31,500 labour days for local workers.

37. Following the success of an initial phase, UNOPS continued work improving homes across Colombia, supporting the national peace process by providing improved conditions for displaced people after more than 50 years of conflict. In 2016, preparations were established for a second phase. UNOPS work with the national Department of Social Prosperity seeks to improve about 5,750 family homes in more than 60 locations, benefiting approximately 28,000 individuals.

38. In Tanzania, UNOPS is supporting the Government in increasing the resilience of coastal zones against the negative effects of climate change and rising sea levels. In partnership with the United Nations Environment Programme (UNEP), through a project funded by the Adaptation Fund and Global Environment Facility, 2,300 metres of drainage systems are being improved, while 2,400 metres of sea defence walls are being rehabilitated and constructed in areas of coastline in Dar es Salaam, Pangani and Zanzibar. In 2016, construction commenced on four sites, allowing communities in low-lying areas and informal settlements to continue farming and engaging in income-generating activities.

B. Efficient management support services

39. The ambition of UNOPS is to enable partners to 'do more with less' through efficient management support services, delivered locally or as global shared services. Services range from the provision of human resources, procurement and financial management, to extending the scope of the UNOPS legal framework to provide dedicated hosting arrangements.

40. On behalf of the Department of Political Affairs, UNOPS manages a group of full-time mediation experts who can be rapidly deployed to provide technical advice to senior United Nations officials and regional or subregional partners, leading mediation and conflict prevention efforts. Team members possess expertise in issues that arise in negotiations concerning constitution-making, gender and inclusion, natural resources, power-sharing, process design, and security arrangements issues. In 2016, the team was deployed over 100 times in approximately 30 different contexts. The turnaround time has been as short as 16 hours from the time of request.

Box 4. Renewed hope for earthquake victims in Nepal

On 25 April 2015, a 7.8 magnitude earthquake struck Nepal, levelling parts of the country. Nearly 9,000 people were killed and more than 22,000 injured. Approximately 1 million homes were damaged or destroyed.

In 2016, to address delays in distributing relief funds, the Government of Nepal engaged UNOPS to conduct a rapid census of victims eligible for financial support. With funding from the World Bank, UNOPS issued tenders for contracts, then engaged and equipped 2,500 housing surveyors within 16 days.

Some of the affected villages are located in remote, mountainous locations. This, combined with a lack of public transport facilities following the earthquake, made the surveyors' work especially difficult. Under the direction of the Central Bureau of Statistics, more than 870,000 households were surveyed in 14 districts. To date, more than 600,000 people have received the first instalment of funds to rebuild their homes.

UNOPS provided operational support to 600 enrolment centres run by government officials in 10 districts. More than 2,100 locally recruited personnel hired by UNOPS work at the centres, assisting the Nepal Reconstruction Authority with relief fund distribution and providing help to earthquake victims as Nepal continues its recovery.

41. In 2016, UNOPS initiated a number of new hosting initiatives in areas of health, humanitarian innovation and relief. With USAID and the Bill and Melinda Gates Foundation, UNOPS supported the Roll Back Malaria partnership, which aims to control and eliminate malaria in affected countries worldwide. UNOPS also supported the goal of the Scaling Up Nutrition Movement, for various donors, to bring about a world without hunger and malnutrition. The state-led Platform on Disaster Displacement, supported by UNOPS and the Government of Germany, seeks to expand cooperation, coordination and action to protect people displaced by disaster. UNOPS also supported the work of the Global Humanitarian Lab, which brings together affected communities, humanitarians, and public and private-sector partners to address common challenges and increase impact. A range of hosting services were provided for these initiatives, including human resources, procurement, grant management, financial management, advisory services and implementation activities.

42. In Honduras, in partnership with the Ministry of Health, UNOPS provided technical assistance in procuring more than 324 million doses of medicine during 2016, through a service-only model. The model means that UNOPS manages the procurement process until the selection of provider has been finalized, at which point the process is handed over to national authorities to conclude. Through its rapid and transparent services, national authorities stocked more than 1,310 health centres and 30 hospitals with vital supplies. In addition, UNOPS procured more than 56 million doses of medicine on behalf of the Honduran Social Security Institute, supplying 54 health-care facilities.

Box 5. Supporting economic growth in Peru

Transport infrastructure such as highways, bridges, rail and metro lines, ports and airports, support economic growth through various means, including increasing access to markets, reducing transport times, and providing efficiency gains related to productivity and competitiveness.

In Peru, UNOPS works closely with the Organismo Supervisor de la Inversión en Infraestructura de Transporte de Uso Público, the supervisory body for public transport infrastructure investment. Since 2014 UNOPS has conducted 20 international bidding processes to contract the supervision of public transport infrastructure works on behalf of the Organismo.

In 2016, UNOPS provided 154 days of technical assistance to the Organismo, specifically related to expanding and improving the port of Pisco. This work will enable the infrastructure to better handle local and international cargo, receive larger ships, and support the continual growth of demand for port services in the area. Other work includes expansion of the Lima International Airport, the development of a new airport in Cusco Chincheros, and a number of subway projects, national roads, and seaports.

Following UNOPS tender processes, the Organismo has supervised the investment of more than $5 billion in infrastructure projects across Peru to improve the quality, accessibility and safety of public transportation infrastructure.

43. UNOPS manages the largest development fund for health in Myanmar, the Three Millennium Development Goal Fund. The fund has a timely, significant, and nationwide impact, improving maternal, newborn and child health, and combating HIV and AIDS, tuberculosis, and malaria. In partnership with the Government of Myanmar and others, the fund strengthens the national health system at all levels. It seeks to extend access to high-quality health services for poor and vulnerable populations. Donor commitments to the fund for 2017 exceeded $283 million. In 2016, 675,710 medical diagnostic kits were procured on behalf of the fund.

44. In an effort to contribute to the sustainable reconstruction of Gaza, UNOPS is providing legal, financial and technical support to local populations internally displaced because of hostilities. Through a comprehensive reconstruction approach, in partnership with the Norwegian Refugee Council, UNOPS provides sustainable homes, supplying housing materials, cash grants and technical expertise. Criteria were developed in 2016, to ensure that assistance to the most vulnerable is prioritized. The project, financed by the Government of Germany, will help establish individual and family house, land and property rights, with a focus on empowering women as land- and homeowners.

45. Over 2,360 people were engaged through the UNOPS human resources centre in Bangkok to support projects across more than 15 countries in Asia and the Pacific. Partners supported include UNHCR, UN-Habitat, UNEP, the International Organization for Migration and the Global Green Growth Institute.

Box 6. The Global Sanitation Fund: transforming sanitation standards

UNOPS has legally and administratively hosted the Water Supply and Sanitation Collaborative Council since 2009. This includes the Global Sanitation Fund – the first and only United Nations fund dedicated to improving sanitation and hygiene.

Forty per cent of the global population – 2.4 billion people – lack access to decent sanitation, and more than a billion have to defecate in the open. Diarrheal disease, due largely to poor sanitation and hygiene, is a leading cause of malnutrition, stunting and child mortality, claiming the lives of nearly 600,000 children under five every year. Inadequate facilities damage education and economic productivity and undermine the dignity and personal safety of women and girls.

Since its establishment in 2008, the Global Sanitation Fund has committed over $112 million to sanitation programmes in 13 developing countries. These include reviving sanitation in Nepal after the earthquake, and improving sanitation programming through real-time learning in Cambodia.

A dedicated UNOPS team supports the Council secretariat and its Global Sanitation Fund, providing a range of hosting services that include human resources, grant support, procurement and fund management. In 2016, UNOPS managed 16 grants and supported 200 missions for the fund.

46. Cities Alliance, another UNOPS-hosted initiative, launched three major projects in 2016: a tool to help build climate resilience in cities through scenario planning, target-setting and climate action planning; a grant to the Local Governments for Sustainability organization, to finance local-level resilience; and a partnership with the World Resources Institute, to improve urban community resilience. The Alliance welcomed a new member in 2016, the International Institute for Environment and Development, a United Kingdom-based policy research organization. In another example of coordinated international action, the project 'Implementing Integrated Water Resources and Wastewater Management in Atlantic and Indian Ocean Small Island Developing States' is designed to strengthen the commitment and capacity of freshwater management in six nations. Cabo Verde, Comoros, Maldives, Mauritius, Sao Tome and Principe, and Seychelles are all implementing an inclusive approach to freshwater resources management, with the long-term goal of enhancing their capacity to plan and sustainably manage their aquatic resources and ecosystems. In 2016, a series of trainings took place in Comoros and Cape Verde to inspire stakeholders to protect their vulnerable water resources.

47. In 2016, UNOPS supported mine-action, humanitarian, stabilization and explosive management activities, capacity-building of national actors and United Nations missions, and the weapons and ammunition management work of UNMAS and partners in 18 countries and territories. It provided human resources management, procurement, contracting, grants management, technical and operational support, and financial and legal services. For approximately $238 million, UNOPS helped its main partner, UNMAS, deliver a range of results, including:

(a) In the Central African Republic, more than 260,235 beneficiaries participated in 6,624 risk education sessions, and 828 meetings were organized around the theme of reducing armed violence Sessions were held in local markets, places of worship, schools, and camps for internally displaced people.

(b) In the Democratic Republic of the Congo, safe weapons and ammunition storage solutions were provided to the national police through the construction of eight weapons armouries, the procurement of over 1,500 weapons safes, and the training of 110 officers.

(c) In Gaza, reconstruction partners were provided with 92 risk assessments for explosive remnants of war covering 595,287 square meters of land. Nineteen sites suspected of containing deeply buried aircraft bombs were cleared, and 48,056 people received education on risk awareness.

(d) In Iraq, support was provided to the Government to rapidly stabilize newly liberated cities that had been declared safe. Emergency response operations began in Ramadi in May and Falluja in August. At

least 1.5 million square metres of critical infrastructure were cleared at 122 prioritized locations in Fallujah, helping to restore vital services such as water, electricity, schools and hospitals.

(e) In Somalia, some 700 explosive remnants of war that were stored dangerously in and around bunkers near Mogadishu were destroyed. Those items represented a direct threat to the security of people living in the area and raised serious concerns about possible diversion and harvesting of the explosives for terrorist purposes;

(f) In South Sudan, 59 clearance teams were deployed, and 27 million square metres of land contaminated by explosive hazards were released. Three hundred and eighty-nine infrastructure sites, including housing, markets, and water points, were made available for safe use by communities, and 50 schools were cleared to provide children with safe access to education facilities;

(g) In Western Sahara, almost 2 million square metres of land were released, 17 anti-tank mines, 120 unexploded ordnance and 335 cluster munitions were destroyed, and nearly 2,000 beneficiaries received mine risk education.

C. Mobilizing a broader pool of resources

48. In its decision 2016/12, the Executive Board encouraged UNOPS to "continue its efforts to facilitate partnerships between the public and private sectors in the realm of sustainable social impact investments, with strong emphasis on the mandated areas of UNOPS such as infrastructure development, procurement and project management, and in this context, welcome[d] the intention of UNOPS to make appropriate corporate structural adjustments with a view to mitigating potential reputational risks and financial liabilities, and in line with relevant best practices and international standards on governance and transparency". UNOPS subsequently adopted social impact investing as a new institutional priority. The initiative seeks to scale up efforts to mobilize a broader pool of resources to meet the implementation needs of the 2030 Agenda for Sustainable Development. In 2016, a dedicated UNOPS investments business unit was established to lead the work.

49. Decision 2016/12 noted that "the healthy financial position of UNOPS and support[ed] the creation of a seed capital facility aimed at utilizing a portion of UNOPS operational reserves to make targeted contributions to early-stage investment projects in areas of the UNOPS mandate, with a view to leveraging high-impact transformational initiatives in countries with a United Nations field presence, in collaboration with like-minded donors and investors and in line with the strategic priorities of the respective Governments and the United Nations coherence agenda".

50. In November, UNOPS launched a crowdfunding pilot with a new platform known as 'Engage'. The first project campaign highlighted the Iraq Internally Displaced Persons Information Centre, a helpline that provides information on humanitarian assistance to displaced Iraqis. The helpline, which receives about 400 calls a day, is implemented by UNOPS on behalf of partners that include UNHCR, WFP, WHO, the Office for the Coordination of Humanitarian Affairs, and the Office of the United Nations Resident and Humanitarian Coordinator in Iraq. Further information is provided in box 2.

51. The Investments Business Unit will prioritize facilitating opportunities in the priority sectors of affordable housing, renewable energy, and water and sanitation. At the end of 2016, UNOPS entered into preliminary discussions at varying levels of maturity in four countries – Honduras, India, Nigeria and Ukraine – to mobilize public, private or institutional investment for effective interventions.

52. A number of other traditional UNOPS activities delivered during 2016 demonstrated innovative approaches to financing development, as well as progress on the path to mobilizing a broader pool of resources for the implementation of Agenda 2030.

53. The Grenada House of Parliament was destroyed by a hurricane in 2004 and temporary facilities have been in use ever since. In 2016, UNOPS provided infrastructure expertise to the Government in the form of contract negotiation and management support for the construction of a new parliament building which has received financing from the governments of Australia, Grenada, Mexico and the United Arab Emirates, demonstrating a diverse mix of traditional and non-traditional funding.

54. In Haiti, UNOPS was hired to provide project management, design, procurement, and construction management services for the Cap Haitian Port rehabilitation project funded by the

United States Agency for International Development (USAID). This is part of a larger public-private partnership arrangement for the future operation and management of the port. Under the same activity, USAID has engaged the International Finance Corporation to advise the Government, particularly the National Port Authority.

55. In partnership with the private-sector mobile telecom operator Ooredoo Myanmar, UNOPS is designing and constructing about 17 primary health centres across that country. During 2016, sites for 16 centres were assessed, selected and endorsed by the Ministry of Health and Sports. The centres will serve community health needs, focusing especially on maternal, newborn and child health.

56. UNOPS provided transactional support services during 2016 to the Office of the Quartet to establish the Shurook capital project in the State of Palestine. The project is designed to help identify commercially viable core infrastructure projects in sectors such as renewable energy, water and waste, and affordable housing, and develop them until they are ready to receive financing from public, private and institutional investors.

57. In northern China, UNOPS is working with the Asia-Pacific Agricultural and Food Safety Industrial Development Zone to upgrade the agricultural and food industries. Through a public-private partnerships model, UNOPS facilitated leading projects to support the upgrade of agriculture and food distribution systems while contributing to food safety. In 2016, UNOPS provided 150 days of technical assistance to this project.

V. Management results

A. Delivery and partnerships

58. UNOPS delivery totalled $1.4 billion in 2016, matching UNOPS delivery in 2015. That steady performance reflected a consistent, stable demand for UNOPS services from its diverse range of partners.

59. In 2016, 43 per cent of UNOPS delivery was on behalf of the United Nations system, down from 50 per cent in 2015. The largest United Nations partner was the Secretariat, most significantly the Department of Political Affairs, the Department of Peacekeeping Operations and the Department of Field Support, which together accounted for $294 million, or 21 per cent of implementation expenditure (compared to 18 per cent in 2015). This delivery included providing substantial support to the global peace and security work of UNMAS. Trends among United Nations partners included a fourth consecutive year of increasing delivery on behalf of UNHCR, up from $64 million in 2015 to $71 million in 2016. Other strong partnerships included support to UNEP, UN-Habitat and WHO.

60. Direct support to governments accounted for the largest increase in delivery value, accounting for $352 million dollars, or 25 per cent of delivery in 2016, compared with $294 million, or 22 per cent of delivery in 2015. The largest partnership with a host government during 2016 was with Honduras, followed by Ethiopia, Peru, Uruguay, and Mexico, respectively. The largest donor government to which UNOPS delivery can be directly attributed was that of the United States. Second was the Government of the United Kingdom, followed by those of Japan, Canada, Italy, Norway and Sweden.

61. In 2016, UNOPS partnered in delivering $51 million with international financial institutions including the Islamic Development Bank and the Inter-American Development Bank. The largest such partner was the World Bank, with a slight decrease in value, from $46 million in 2015 to $45 million in 2016.

62. UNOPS work for the European Union increased for a third consecutive year, from $51 million of delivery in 2015 to $57 million in 2016. In Cambodia, partnership with the European Union included support to the Government for an electoral reform process through procurement and grant management. In Serbia, European Union partnerships focused on a range of activities responding to heavy rains and flooding.

63. The UNOPS partnership with the Global Fund to Fight AIDS, Tuberculosis and Malaria achieved another record year in 2016. Globally, UNOPS delivered $113 million of services, compared with $106 million in 2015, and worked as a local agent for the fund in 14 countries.

64. UNOPS manages a number of pooled multi-donor funds and programmes. The largest, such as the Three Millennium Development Goal Fund, are in Myanmar. Many also operate globally, such as the Stop TB Partnership fund. In 2016, UNOPS delivered $138 million of services for these funds and programmes.

65. In 2016, the countries of largest delivery were Myanmar, Somalia, Mali, South Sudan, and Afghanistan, in that order. (In 2015, they were Myanmar, Afghanistan, Somalia, South Sudan, and Peru.)

66. New agreements between UNOPS and its partners reached $2.69 billion, exceeding the annual target and the 2015 total of $1.6 billion; the largest increases included partnerships with governments in Latin America, particularly Argentina and Guatemala. There also notable increases in bilateral partnerships with the governments of the United Kingdom, Sweden, Japan and Korea.

67. UNOPS continued to develop its annual survey, eliciting feedback from partners. Through personal interviews and online surveys more than 522 high-level respondents (partners and influential individuals) were asked about their needs and perceptions of UNOPS. Review of the survey is ongoing, but preliminary results on 428 responses indicate that overall satisfaction has increased to 89 per cent, while more than 90 per cent of past and current partners indicated that they are likely to recommend UNOPS services to others.

B. Process excellence

68. Following an organization-wide exercise to identify aspects of sustainability relevant to UNOPS, the organization produced its first sustainability report aligned with the Global Reporting Initiative model. The report provided an overview of the sustainability of UNOPS operations worldwide, and established a series of indicators to measure future contributions to sustainability.

69. UNOPS continued to implement refinements and additional functionalities to its new enterprise resource planning system in 2016, including efforts to support the establishment of baselines for measuring the efficiency of key business processes, which can be improved over time.

70. In 2016, UNOPS was again awarded gold in the sustainable procurement review conducted by the Chartered Institute of Procurement and Supply. UNOPS is the first United Nations organization, and one of five organizations in the world, to achieve the gold level.

71. UNOPS maintained its ISO 9001 quality management systems certification and expanded its ISO 14001 certified environmental management system to cover infrastructure projects in Ghana and Myanmar, alongside existing certifications in Afghanistan, Guatemala, Kosovo, the State of Palestine, and Sri Lanka.

72. UNOPS extended the coverage of certifications in health and safety management systems in its infrastructure practices in accordance with the United Kingdom-based Occupational Health and Safety Advisory Services 18001, the internationally applied standard. In addition to existing certifications in Denmark, Pristina, and Jerusalem, operations in Myanmar have received this award. That achievement forms the basis for UNOPS compliance with CEB/2015/HLCM/7/Rev.2 on the adoption of occupational safety and health systems in all United Nations organizations.

73. In 2016, UNOPS approaches to project implementation, monitoring, evaluation and learning were revised through the launch of a governance, risk and compliance framework. In 2016, improvements within the framework included a structured approach to the assessment of new opportunities, which was integrated into the new enterprise resource planning system. This supports project teams in identifying significant risks and ensuring that mitigation measures are in place prior to agreements to proceed with potential projects. Following this approach increases the likelihood of both the successful delivery and overall sustainability of projects.

74. In Afghanistan, the United Nations working group on disaster risk reduction, chaired by WFP, requested UNOPS to lead United Nations efforts, with UNEP and the World Bank, in pioneering the development of a national strategic framework for resilience aligned to the Sendai framework – the global plan for disaster risk reduction. This work supports the national Ministry of Disaster Management and Humanitarian Affairs in fulfilling its function to coordinate resilience-building across the country. In Bangladesh, UNOPS is helping the Planning Commission and the Ministry of Local Government to strengthen their resilience capabilities. Both examples follow the UNOPS 'Resilience Pathways' model. Globally, UNOPS continued in its role as chair of the International Recovery Platform, supporting advancements in the field of resilience as applied in development and humanitarian contexts.

75. In 2016, UNOPS led inter-agency and non-governmental organization efforts to coordinate the development of a technical design and planning manual to ensure that refugee and internally displaced persons' camp infrastructures meet human rights obligations concerning safe, decent, and humane facilities.

76. UNOPS implemented the initial phase of a dedicated e-tendering system to streamline a range of procurement activities, including sourcing, solicitation, submissions management, evaluation, review and award processes.

77. UNOPS continued its work with the University of Oxford on national infrastructure systems. The work involves the evaluation and analysis of future infrastructure needs, including addressing challenges associated with climate change. Support in the adoption of international best practices, is offered to governments through the UNOPS 'Evidence-Based Infrastructure' framework. In addition to the implementation with the State of Palestine, interest has been expressed by countries in Africa, South America, the Middle East, and several small island developing States.

78. By the end of 2016, the overall implementation rate of audit recommendations stood at 93 per cent. Only two of the recommendations had been open for more than 18 months. Full details of UNOPS audit findings in 2016 are available in a dedicated report (DP/OPS/2016/4).

79. Reflecting its role as a consultative, impartial and service-oriented resource, the UNOPS Ethics Office handled 621 issues from 1 January-31 December 2016. They are detailed in a dedicated report (DP/OPS/2016/5) presented to the Executive Board at its annual session 2016.

C. People excellence

80. At the end of 2016 the number of individuals on UNOPS contracts stood at 10,978, up from 9,852 in 2015). Contracts are administered on behalf of a range of partners in addition to UNOPS personnel. A breakdown of personnel by contract category is shown in table 2, below.

Table 2. Number of personnel, by category, as of 31 December 2016

Contract modality	Staff	Contractors	Total
UNOPS personnel	843*	3,222	4,065
Partner personnel		6,913	6,913
Combined personnel	843	10,135	10, 978

*Includes hosted and partner-managed staff, who are subject to the same policies and procedures as UNOPS staff.

81. The 618 members of UNOPS personnel recruited in 2016 comprised 251 women and 367 men. As of 31 December 2016, the primary governing body of UNOPS consisted of 17 members – 4 women and 13 men. Six members were between the ages of 30 and 50, and 11 were 50 or older. Women represent 37 per cent of UNOPS personnel; a breakdown of gender representation is shown in table 3, below.

Table 3. Gender balance among UNOPS personnel as of 31 December 2016

Gender	Staff	Local contractors	International contractors	Total
Women	308	877	315	1,500
Men	535	1,566	464	2,565
All UNOPS personnel	843	2,443	779	4,065

82. A survey of UNOPS personnel revealed engagement levels that exceeded internationally recognized benchmarks for high-performing organizations. Out more than 2,500 responses, 70 per cent of were favourable, indicating high levels of engagement and intent to stay.

83. During 2016, UNOPS introduced a new competency framework for recruitment and performance management purposes, providing a standardized approach to performance that enables supervisors to evaluate individuals' integrated knowledge, skills and attributes more effectively.

84. A wide range of benefits are offered across UNOPS contract modalities. For example, all active UNOPS personnel with the exception of short term employees (holding contracts of less than 6 months in duration) are entitled to parental leave. During 2016, 55 women and 129 men took parental leave. All women ending parental leave in 2016 continued to have active contracts.

85. There was a 29 per cent turnover of UNOPS personnel in 2016. A breakdown of turnover figures by age category and gender is shown in table 4, below.

Table 4: Turnover among UNOPS personnel, by age category and gender, in 2016

Age category	Women	Men	Total
30 and under	24%	31%	28%
30 to 50	23%	32%	29%
50 and above	24%	34%	32%
All UNOPS personnel	23%	32%	29%

86. In 2016, 18 per cent of UNOPS senior management in countries where the organization maintains physical offices were nationals of the duty station country. This represents an increase from the 15 per cent figure recorded in 2015. Senior management is defined as ICSC-11 and above. In 2016, 2,594 UNOPS personnel were based in hardship duty stations (locations rated B to E on the International Civil Service Commission hardship scale).

87. More than 1,950 colleagues benefited from UNOPS learning opportunities. Eighty per cent of participants rated learning opportunities as 'extremely relevant' or 'very relevant' to their work. Forty-eight per cent of participants were women. To strengthen health and safety capacity, UNOPS provided training in related disciplines for 379 personnel, 251 of whom obtained certifications from the Institution of Occupational Safety and Health. In addition to mandatory courses on gender awareness and the prevention of harassment, 600 personnel were supported through performance management training, and more than 500 received anti-corruption training.

D. Financial stewardship

88. During 2016, UNOPS delivered $1.4 billion in project services (the same figure was reported in 2015). Project-related net revenue was $86.7 million, compared to $87.2 million in 2015. Management expenses were $67.3 million, compared to $65.4 million a year earlier – an increase of 2.9 per cent. This included a $4.2 million investment in growth and innovation projects. The ratio of management expenses to delivery in 2016 was 4.8 per cent, a slight increase over the 4.5 per cent recorded in 2015. Miscellaneous income earned was $2.1 million, against $2.4 million the previous year. Interest income earned was $13.1 million, compared to $3.0 million in 2015. All this resulted in a net surplus of income over expenditure, after provisions, of $31.3 million (compared to

$14.3 million in 2015). At year end 2016, UNOPS continued to maintain its operational reserve above the minimum requirement established by the Executive Board.

89. An actuarial revaluation of UNOPS end-of-service employee liabilities that are fully funded, indicated that at year end 2016 these were about $6.2 million higher than had been the case in 2015. This was accompanied by an actuarial loss of $2.0 million.

90. The expenses, revenue and reserve balance for 2016 are early figures calculated by UNOPS and may be subject to change. They have yet to be audited and verified by the United Nations Board of Auditors.

United Nations DP/OPS/2017/3

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

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Internal audit and oversight

Activity report for 2016 of the Internal Audit and Investigations Group of the United Nations Office for Project Services

Summary

The Director of the Internal Audit and Investigations Group of the United Nations Office for Project Services hereby submits to the Executive Board this activity report on internal audit and investigation services for the year ended 31 December 2016. The response of UNOPS management to this report is presented separately, as per Executive Board decision 2006/13.

Elements of a decision

The Executive Board may wish to:

(a) *take note* of the annual report of the Internal Audit and Investigations Group for 2016 and the management response thereto;
(b) *take note* of the progress made in implementation of audit recommendations, including those that are more than 18 months old;
(c) *take note* of the opinion, based on the scope of work undertaken, on the adequacy and effectiveness of the organization's framework of governance, risk management and control (in line with Executive Board decision 2015/13); and
(d) *take note* of the annual report of the Audit Advisory Committee for 2016 (in line with Executive Board decision 2008/37).

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Annexes (*available on the Executive Board website*)

1. Unresolved audit recommendations issued more than 18 months before 31 December 2016

2. Titles of all internal audit reports issued during the year 2016

3. Audit Advisory Committee – annual report 2016

4. Reports issued by the Internal Audit and Investigations Group in 2016 that resulted in findings of misconduct

5. Criteria supporting IAIG's audit opinion

6. Key areas for improvement identified in audit reports

I. Executive summary

1. **Improvements to the UNOPS internal control system.** Improvements included refining the global organizational structure; implementing OneUNOPS, an advanced enterprise resources planning platform; supporting the (now live) governance, risk management and compliance framework; developing advanced monitoring dashboards; improving centralized project risk management; and continuing to implement audit recommendations.

2. **The Internal Audit and Investigations Group (IAIG) role in UNOPS strategy.** IAIG is the third line of defence in UNOPS governance, risk management and compliance framework, providing independent assurance of how the organization managements its activities. IAIG also investigates fraud and misconduct, and provides independent advice to management.

3. **Strategic engagements.** IAIG conducted two strategic engagements in 2016, including a review of UNOPS capabilities for protection against cybercrimes and a review of risks, anti-fraud capabilities and segregation of duties in the enterprise resources planning system, OneUNOPS.

4. **Audit opinion.** In the opinion of IAIG, based on the scope of audit and investigations work undertaken, the adequacy and effectiveness of UNOPS governance, risk management and control were partially satisfactory, which means that they were generally established and functioning but needed improvement.

5. **Output.** In 2016, six auditors delivered 10 internal audit reports (two more than the eight planned) and 27 project audit reports (five more than in 2015). All internal audit reports were issued within 90 days of planning commencement. Audits identified a total of $59,778 of lost or missing assets. The investigations team handled 104 complaints, from which 59 cases were opened (IAIG highest caseload since inception). All cases were closed within 12 months of opening. IAIG also substantiated $349,282 in fraud and referred 35 vendors for sanctioning. In addition, a total of 505 personnel were trained in 19 anti-fraud awareness workshops around the world.

6. **Benchmarking.** In a recent report (JIU/REP/2016/8), the United Nations Joint Inspection Unit identified IAIG as one of the most efficient, productive and cost effective audit units in the United Nations system. IAIG delivers the most outputs per head, at one of the lowest costs per output, despite receiving one of the lowest management budgets as a percentage of total UNOPS budget. In 2016, through utilization of increased cost efficiencies, IAIG added a peace and security audit position that will deliver four internal audit reports in 2017.

7. **Innovation.** In 2016, IAIG integrated data analytics and continuous auditing techniques into day-to-day activities. This involved creating and monitoring audit dashboards that identify red flags and generating new periodic reports to management. IAIG hired a data analytics specialist to work with internal audit teams to help guide and shape the continuous auditing strategy of UNOPS. In addition, IAIG contributes to a range of UNOPS-wide objectives.

8. **Teamwork.** IAIG maintains a dynamic cadre of internal audit and investigative professionals that was strengthened in 2016 with the addition of professionals on retainer contracts in the fields of forensic engineers, data analytics, computer forensics, and information and communications technology counter-hacking.

9. **Collaboration with partners**. IAIG continues to strengthen its relationships with oversight partners in the United Nations system, public and private sectors. UNOPS became the first United Nations organization to establish an anti-fraud cooperation memorandum of understanding with the

Australian Department of Foreign Affairs and Trade and the United States Special Inspector General for Afghanistan Reconstruction.

II. Introduction

10. The Internal Audit and Investigations Group is pleased to provide the Executive Board with the annual report on UNOPS internal audit and investigation activities for the year ended 31 December 2016.

11. This report provides the group's opinion, based on the scope of work undertaken, on the adequacy and effectiveness of the governance, risk management and control processes of UNOPS (Executive Board decision 2015/13).

12. The IAIG Director reports to the Executive Director of UNOPS, supporting her accountability function. IAIG provides assurance, offers advice, recommends improvements and enhances the risk management, control and governance systems of the organization. IAIG also promotes accountability by conducting investigations into reports of violations of applicable rules, regulations and administrative or policy directives.

13. IAIG continued to interact with the UNOPS Audit Advisory Committee in 2016. In accordance with Executive Board decision 2008/37, the annual report of the Audit Advisory Committee for 2016 is attached as annex 3 to this report.

III. Role and functions of the Internal Audit and Investigations Group

14. The mandate, functions and standards for internal audit and investigations within UNOPS is approved by the Executive Director as organizational directive 3, revised and effective 1 January 2012. Per regulations 6.01, IAIG:

> shall conduct independent, objective assurance and advisory activities in conformity with the International Standards for the Professional Practice of Internal Auditing. It shall evaluate and contribute to the improvement of governance, risk management and control processes, and report thereon.

15. The international internal auditing standards require that the chief audit executive must report to a level within the organization that allows the internal audit activity to fulfil its responsibilities and must confirm to the Executive Board, at least annually, the organizational independence of the internal audit activity. IAIG hereby confirms its organizational independence. In 2016, IAIG was free from interference in determining its audit scope, performing its work and communicating its results.

16. Per regulation 6.02, in addition to providing internal audit services to UNOPS, IAIG is "responsible for assessing and investigating allegations of fraud and corruption committed by UNOPS personnel or committed by others to the detriment of UNOPS".

17. The mandate, scope, responsibility, accountability and standards of IAIG are further defined in the following: the Internal Audit Charter approved by the Executive Director and issued as organizational directive 25, revised and effective 2 March 2015; organizational directive 15 (Addendum 4), "UNOPS Global Structure"; and organizational directive 36, "UNOPS Legal Framework for Addressing Non-Compliance with United Nations Standards of Conduct".

18. Further, under the UNOPS governance, risk management and compliance framework, IAIG assumes the role as third line of defence.

IV. Approved annual internal audit work plan for 2016

19. The primary aim of the 2016 work plan was to evaluate and improve the effectiveness of risk management, control and governance processes, and to provide the Executive Director with the assurance that internal controls and procedures are functioning as intended.

A. Risk-based internal audit plan

20. In preparing its 2016 work plan, IAIG has continued to ensure consistency between internal audit priorities and the goals of UNOPS management. IAIG gathered data from a variety of internal sources and consulted existing components of the risk management system mandated in UNOPS financial regulation 4.01 and financial rules 104.01 and 104.02 to perform this assessment. UNOPS also supported the enterprise risk management programme to improve organization-wide risk identification and mitigation techniques.

21. The 2016 audit work plan, based on the audit risk assessment, acknowledged the geographical diversity of UNOPS operations worldwide and included both internal field office audits and performance audits.

B. Progress on implementation of annual work plan

22. In 2016, six auditors delivered 10 internal audit reports (two more than the eight initially planned) and 27 project audit reports (five more than in 2015). All internal audit reports were issued within 90 days of planning commencement. All of the internal audits planned for 2016 were completed and final reports issued during the year (see table 1). In addition, the Haiti Operational Centre internal audit report was issued, carried forward from 2015. In addition, IAIG issued the report, "Engagement of United Nations pensioners and retirees at UNOPS", which was not included in the initial work plan.

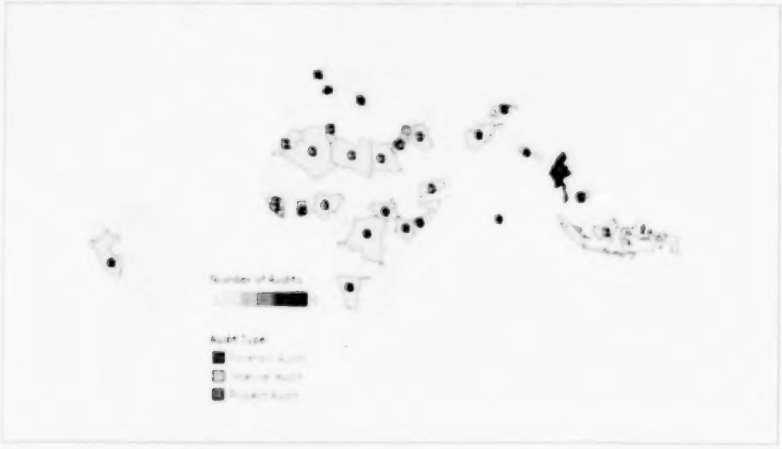
Table 1. Status of implementation of the work plan as at 31 December 2016

	IAIG internal audits	Project audits	Total
Number of audits planned in 2016	8	0[1]	8
Total audit reports issued	10	27	37
Total audits carried over to 2017	0	0	0

23. Figure 1 below shows the 2016 audit coverage by geographic distribution.

[1] Nil as requests for project audits are client-driven.

Figure 1. Geographic distribution of audits in 2016



V. Highlights of 2016 audit activities

24. As noted in table 1, IAIG issued 37 reports during 2016, compared with 29 in 2015 and 22 in 2014. The number of reports is greatly influenced by client requests and reporting requirements, as per project agreements.

25. IAIG audits are delivered in two categories:

(a) Internal audits and reviews directly performed by IAIG (10 reports); and

(b) Project audits conducted under the supervision of IAIG by external auditing firms to fulfil project reporting requirements (27 reports).

26. The 37 audit reports issued in 2016 contained 267 audit recommendations. Of these, 207 pertain to internal audit reports (table 3) and 60 to project audits (table 6). IAIG auditors also identified $59,778 of lost or missing assets.

A. Internal audits conducted directly by the Internal Audit and Investigations Group

Internal audit reports issued

27. During 2016, 10 internal audit reports were issued by IAIG and submitted to the UNOPS Executive Director, as detailed in table 2.

28. IAIG participated as a joint audit team member for the interagency audit of the governance function of the South Sudan Common Humanitarian Fund. This audit, led by the UNDP Office of Audit and Investigation, commenced in 2015 and was concluded in 2016.

Table 2. List of internal audit reports issued by the Internal Audit and Investigations Group in 2016

Report title	Rating[2]
Internal audit of the Myanmar Operational Hub	Satisfactory
Internal audit of the Amman Operational Hub	Satisfactory
Internal audit of the Ghana Operational Hub	Partially satisfactory

[2] A "satisfactory" rating means "internal controls, governance and risk management processes were adequately established and functioning well". A "partially satisfactory" rating means "internal controls, governance and risk management processes were generally established and functioning, but needed improvement".

Report title	Rating[2]
Internal audit of the Haiti Operations Centre	Partially satisfactory
Internal audit of the Geneva Office	Satisfactory
Internal audit of the Tunisia Project Centre	Satisfactory
Internal audit of the Peru Operations Centre	Satisfactory
Review of the UNOPS treasury management function	Not applicable[3]
Enterprise resource planning OneUNOPS fraud risk assessment	Not applicable
Review of engagement of United Nations pensioners and retirees at UNOPS	Not applicable

Analysis of internal audit recommendations issued in 2016

29. The number of internal audit recommendations issued increased from 101 in 2015 to 207 in 2016, and the average number of recommendations per audit report increased from 14 in 2015 to 21 in 2016. IAIG continued its commitment to the advice of the Audit and Advisory Committee to focus on the more significant risks and systemic issues. Nonetheless, the number of internal audit recommendations issued increased significantly in 2016, due to the completion of a risk assessment of the UNOPS enterprise risk planning system referred to as OneUNOPS, which went live on 1 January 2016. This comprehensive risk assessment included 62 individual risks and recommendations.

30. During the year, 43 recommendations were raised as a result of investigations. Sixteen of these recommendations were closed during the year.

Level of importance of audit recommendations related to IAIG audits

31. Of the 207 recommendations issued, 95 were considered to be high importance[4] and 112 of medium importance, as shown in table 3. Low priority recommendations are addressed during the field work stage of the audit.

Table 3. Categorization of audit recommendations, by level of importance

Level of importance	Number of recommendations			Percentage of total		
	2014	2015	2016	2014	2015	2016
High	37	44	95	45	44	46
Medium	45	57	112	55	56	54
Total	**82**	**101**	**207**	**100**	**100**	**100**

Frequency of occurrence of audit recommendations by functional area

32. The frequency of audit recommendations by functional area is displayed in figure 2. Most recommendations pertained to finance (30 per cent), procurement (18 per cent) and human resources (16 per cent), followed by project management (14 per cent), information technology (12 per cent), general administration (4 per cent), partnerships (3 per cent), security (2 per cent) and legal (1 per cent). This distribution by functional area was driven by the audit scope as identified in the risk assessment for each engagement.

[3] This was a consultancy service and, in line with IAIG standard procedures, no overall rating was provided.

[4] Level of importance:

High: action considered imperative to ensure that UNOPS is not exposed to high risks.

Medium: action considered necessary to avoid exposure to significant risks.

Low: action considered desirable and should result in enhanced control or better value for money.

Figure 2. Internal audit recommendations by functional area[a]

Key areas of improvement identified in 2016 internal audit reports

33. Supplementing figure 2, figure 3 shows the number of recommendations by objective type.[b] Recommendations on operational issues (48 per cent) were the most common, followed by those addressing compliance issues (23 per cent), strategic issues (22 per cent) and reporting issues (7 per cent). Key areas for improvement can be found in annex 6 of this report.

Figure 3. Recommendations issued in 2016 by objective

B. Projects audits

Single audit principle

34. IAIG upholds the United Nations "single audit principle" as detailed in the UNOPS report on internal audit and oversight in 2007 (DP/2008/21).

35. IAIG provides technical support to project managers in meeting their projects' audit requirements. For that purpose, IAIG engages pre-qualified third-party professional auditing firms to conduct these audits. The firms adhere to

[a] The "other" category includes security and contract and property review.

[b] As per entity objectives in "Internal Control Integrated Framework" (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission.

terms of references approved by IAIG and the audit reports they prepare undergo IAIG quality assurance before they are issued.

36. Of 27 project audit reports issued in 2016, 26 were provided by one firm with whom IAIG has a long-term agreement. This arrangement provides cost efficiencies, consistency in reporting, improved timelines and a simplified process for conducting project audits.

Internal audit reports issued for projects

37. During the year ended 31 December 2016, 27 audit reports relating to specific projects were issued by IAIG and submitted to the UNOPS Executive Director or Regional Director, depending on the project requirements.

38. As shown in table 4, 12 of the 27 audit reports for projects issued in 2016 provided both an audit opinion on the financial statement of the project and a rating of the internal control environment. This was done in accordance with the requirements of the partner and primary stakeholder(s) concerned.

Table 4. Number of project audit reports issued, 2014-2016

	2014	2015	2016
Audit reports issued expressing an opinion on the financial statement and providing a rating of the internal control environment	11	20	12
Audit reports issued expressing an opinion on the financial statement only	3	2	11
Audit reports issued expressing an opinion on the internal control environment only	0	0	2
Forensic audits	0	0	2
Total	**14**	**22**	**27**

39. As shown in table 5 below, the proportion of project audits with an unqualified opinion has remained steady at 100 per cent from 2014 to 2016 and reflects the continued quality of financial reports produced by UNOPS.

40. The proportion of project audits with a "satisfactory" internal control rating decreased to 71 per cent (2015: 75 per cent). This is still above the 55 per cent level from 2014. There were no project audits with an "unsatisfactory" rating for internal controls, continuing the positive trend from 2014.

Table 5. Summary of project audit opinions and ratings of internal controls for project audits, 2014-2016

Type of opinion or rating	Number of audit reports			Percentage of total		
	2014	2015	2016	2014	2015	2016
Audit opinion on financial statement of project (where required)						
Unqualified opinion	14	22	25	100	100	100
Qualified opinion	0	0	0	0	0	0
Total	**14**	**22**	**25**[1]	**100**	**100**	**100**
Rating of overall level of internal control (where given)						
Satisfactory	6	15	10	55	75	71
Partially satisfactory	5	5	4	45	25	29
Unsatisfactory	0	0	0	0	0	0
Total	**11**	**20**	**14**	**100**	**100**	**100**

[1] 25 reports had financial statement opinions. Residual four were forensics(2) and internal control audits (2).

Financial impact of project audit findings in 2016

41. The Executive Board, in its decision 2010/22, requested that information on the financial impact of audit findings be incorporated in future reports. For 2015 and 2016, the cumulative financial impact of project audit reports with a qualified opinion was nil. For internal control reports, the financial impact on audit observations was $52,973.

Project audit recommendations issued in 2016

42. The 27 project audit reports issued generated 60 audit recommendations, an average of 2.2 recommendations per report. This average has remained consistently within the range of 2.0-2.7 for the past three years.

43. These 60 recommendations are analysed below by importance and frequency of occurrence in a functional area.

Level of importance of audit recommendations related to project audits

44. As seen in table 6, the proportion of audit recommendations rated as being of high importance rose in 2016 to 27 per cent.

Table 6. Categorization of project audit recommendations by level of importance

Level of importance	Number of recommendations			Percentage of total		
	2014	2015	2016	2014	2015	2016
High	3	0	16	11	0	27
Medium	21	57	44	75	100	73
Low	4	0	0	14	0	0
Total	**28**	**57**	**60**	**100**	**100**	**100**

Frequency of occurrence of project audit recommendations by functional area

45. The frequency of audit recommendations by functional area, displayed in figure 4, shows that in 2016 most recommendations pertained to project management (38 per cent), finance (33 per cent) and procurement (20 per cent). These areas were considered high-risk, for which audit focus was directed in 2016. See annex 6 for key areas for improvement.

Figure 4. Project audit recommendations by functional area

C. Improvements to the UNOPS internal control system

66. During the year, UNOPS management and IAIG worked together to ensure the implementation of internal audit recommendations and to incorporate these results into performance data for various UNOPS departments. By using these performance data, management was able to rapidly resolve issues and areas of risk identified, thereby safeguarding the effectiveness of the UNOPS internal control framework. The result of these efforts is evidenced by the overall implementation rate of 93 per cent of internal audit recommendations issued from 2008 to 2016, with only two outstanding recommendations, which are more than 18 months old.

67. UNOPS refined its global organizational structure. Its global portfolio of projects was organized under five geographical regions managing several country and multi-country offices. All global projects are embedded within one structure, which enables management oversight, coordination and integration of in-country operations. The Risk and Quality Group was formally established as a distinct business unit within the structure.

68. UNOPS is committed to organizational excellence, accountability and transparency, and continuously seeks to improve its internal governance and operations. UNOPS also maintained the ISO 9001, ISO 14001 and OHSAS 18001 certifications, as part of its commitment to excellence and the implementation of best practice. Quid, UNOPS provides an advanced platform for customizing operational tools and guidance for personnel, and management information to ensure speed and compliance.

69. Next year, UNOPS will embark on its governance, risk management and compliance framework, a process of simplifying its internal policy instruments and enhancing their alignment with business processes. The objective is to further empower personnel to perform their functions efficiently, confident that they are in compliance with UNOPS policy.

70. Based on the recommendation of the United Nations Development Group High-level Committee on Management, the 'three lines of defence' model will frame the governance, risk management and compliance framework initiative. It will include enhancements to the structure and communication of the internal policy framework, the business processes and tools through which policies are deployed and operations performed, and the internal performance indicators and management dashboards.

71. Advanced dashboards will improve internal transparency, managerial oversight and assurance that UNOPS operations are performed efficiently and in compliance with policy. They will also identify where improvements of policy, tools, competencies or resourcing are needed. UNOPS will also further develop its balanced scorecard and performance dashboards to facilitate transparency, management oversight and accountability at various levels.

72. UNOPS is rolling out a new process for assessing and managing project risks. As part of this, the Risk and Quality Group engaged the audit firm Deloitte to conduct a fraud risk assessment. The process will ensure an earlier, more systematic assessment of a broad range of risk categories associated with new projects, improved efficiency and effectiveness of the UNOPS recurrent project assurance, and a comprehensive risk assessment of the UNOPS portfolio of ongoing projects. This will ensure, inter alia, that project records provide reliable information for real-time knowledge-sharing and strategic assessment and assurance of ongoing activities.

D. Audit opinion

53. Management is responsible for maintaining the adequacy and effectiveness of UNOPS governance, risk management and control. IAIG has the responsibility to independently assess the adequacy and effectiveness of the framework.

54. The audit opinion is based on the audit reports issued by IAIG between 1 January and 31 December 2016 in conformance with the International Standards for the Professional Practice of Internal Auditing. The audit reports pertained to the following:

(a) audits of field offices;

(b) audits of cross-functional themes;

(c) audits of projects; and

(d) the implementation status of audit recommendations as at the end of the calendar year.

55. The majority of the audit reports issued in 2016 covered the 2015 and 2016 activities of UNOPS. A concise summary of the audit work that supports the opinion is included in parts A and B of this section of this report, above.

56. In the opinion of IAIG, based on the scope of audit and investigations work undertaken, the adequacy and effectiveness of UNOPS governance, risk management and control were partially satisfactory, which means that they were generally established and functioning but needed improvement. The implementation ratio of audit recommendations as per 31 December 2016 is 93 per cent, which implies that appropriate and timely action is taken, as and when improvements in governance, risk management and control are necessary. See annex 5 of this report for the audit opinion rationale.

VI. UNOPS accountability framework

57. In accordance with the UNOPS accountability framework and oversight policies, the IAIG Director reports to the Executive Board on the resources available and required for the implementation of the accountability framework.

58. The pillars of the UNOPS accountability framework and oversight policies that are internal to the organization include IAIG, the Audit and Advisory Committee, the Ethics Officer, the Office of the General Counsel, the Risk and Quality Group, the Appointment and Selections Panel, the Appointment and Selections Board, the Headquarters Contracts and Property Committee, the balanced scorecard system and the implementation of UNOPS organizational directives and administrative instructions.

59. The fundamental pillars of the UNOPS accountability framework and oversight policies that are external to the organization include the Executive Board, the United Nations Board of Auditors, the Joint Inspection Unit, the Advisory Committee on Administrative and Budgetary Questions, and the Fifth Committee of the General Assembly.

VII. Disclosure of internal audit reports

60. IAIG complies with Executive Board decisions 2008/37 and 2012/18 and the procedures approved therein regarding disclosure of internal audit reports. IAIG experience with the public disclosure of audit reports continues to be positive, leading to enhanced transparency, accountability, timely action and quality assurance.

61. Accordingly, IAIG has published, on the UNOPS public website, executive summaries of internal audit reports issued after 30 June 2012 and the complete

internal audit reports issued after 1 December 2012. Furthermore, since November 2011 all functional and thematic audit reports, as well as the list of all audit reports issued since 2008, have been posted on the UNOPS public website, except when withheld for confidentiality reasons, by exception.

VIII. Advisory services

62. At the request of management, IAIG provides internal advisory services that cover a variety of issues relating to UNOPS internal controls, policies and organizational directives, business processes, proposed project agreements and other specific concerns. In accordance with Institute of Internal Auditors standards, IAIG acts only in an advisory capacity and does not participate in the implementation of any procedure.

63. During 2016, IAIG provided advisory services that included: developing continuous auditing and data analytics techniques, which resulted in the provision of periodic reports to management; advising management on the governance, risk management and compliance framework; advising on the implementation of the new enterprise resource planning system and continuous monitoring tests to be included in the configuration; reviewing audit clauses in new project agreements; and advising management on the creation of a treasury function within UNOPS by conducting a comprehensive review of the function. IAIG also participated in the UNOPS Information and Communications Technology Interim Operations Group (ICT-IOG) as an observer. IAIG also continued to conduct internal compliance evaluations, required to maintain UNOPS ISO 9001, ISO 14001 and OHSAS 18001 certifications.

IX. Investigations

64. IAIG is the sole entity in UNOPS responsible for conducting investigations into allegations of fraud, corruption, abuse of authority, workplace harassment, sexual exploitation, retaliation and other acts of misconduct.

65. In 2016, IAIG received several cases involving allegations of fraud and collusion by UNOPS vendors. As a result, IAIG referred 35 vendors to the Vendor Review Committee, which is a significant increase from the five vendors referred in 2015. IAIG investigations also identified a total financial loss of $349,282, which is 0.03 per cent of total organizational delivery. Additionally, IAIG reduced the processing time of its cases, with only six cases that had been open for more than six months at the end of 2016, compared to 28 cases open for more than six months at the end of 2015.

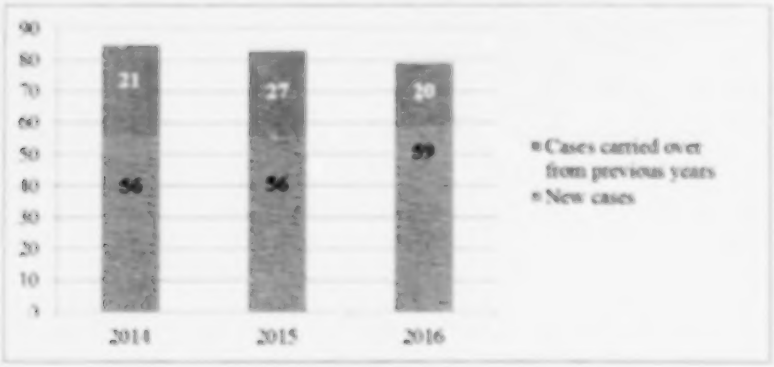
A. Complaint intake

66. In 2016, IAIG received 104 complaints. IAIG opened 59 cases based on these complaints. The remainder (45) were found to be outside of the IAIG mandate or could be more appropriately handled by a different unit. While IAIG received fewer complaints than in 2015 (104, down from 120 complaints), it opened slightly more cases (59, up from 56).

Cases opened

67. In addition to the 59 cases opened in 2016, a further 20 cases were carried over into 2016 (figure 5).

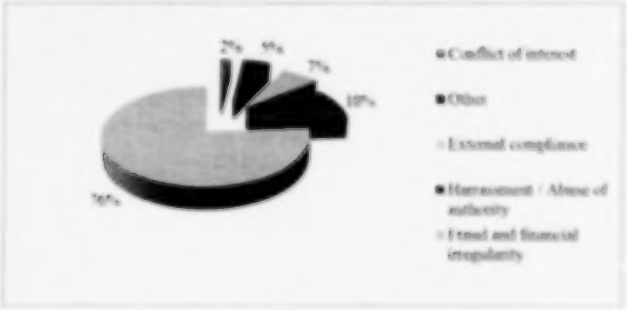
Figure 5. Number of cases opened, 2014-2016



68. Management or personnel members referred 42 per cent of the cases opened in 2016; 44 per cent came through other means (external organizations such as the medical insurance provider); 3 per cent came through the UNOPS fraud or harassment hotlines, while the remaining 10 per cent originated out of an IAIG audit or investigation.

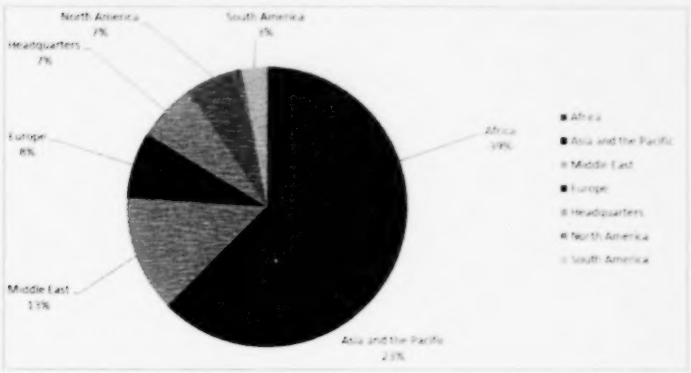
69. The majority of cases opened in 2016 (45 cases or 76 per cent) involved some type of alleged fraud or financial irregularities (procurement fraud, entitlement fraud, theft, embezzlement or misuse of UNOPS resources). The remainder involved other types of misconduct: harassment and/or abuse of authority cases (six cases or 10 per cent); external compliance (medical insurance fraud and violation of local laws) (four cases or 7 per cent); conflicts of interest (one case or 2 per cent); and others types, such as misuse of UNOPS assets (three cases or 5 per cent).

Figure 6. Types of cases opened in 2016



70. Africa is the region from which IAIG received the most complaints in 2016 (41 complaints or 39 per cent), followed by Asia and the Pacific (24 complaints or 23 per cent), the Middle East (14 complaints or 13 per cent) and Europe (eight complaints or 8 per cent). IAIG also received seven complaints from headquarters, seven from North America and three from South America.

Figure 7. Geographic distribution of complaints in 2016



B. Outcome of investigations

71. When a complaint is received, IAIG conducts an initial review to determine whether the allegations fall within its mandate and jurisdiction. If it does, IAIG then conducts either a preliminary assessment or an investigation, depending on several factors, such as the sufficiency of the evidence or seriousness of allegations.

72. If the allegations against a UNOPS personnel member are substantiated, IAIG refers the case to the Human Resources Legal Officer for disciplinary action in accordance with organizational directive 36. If the case involves a UNOPS vendor, the matter is referred to the Vendor Review Committee pursuant to organizational directive 41. Retaliation cases are referred to the Ethics Officer under organizational directive 35.

73. In 2016, IAIG closed 56 cases, reducing its caseload from 79 to 23 cases (a reduction of 71 per cent). Table 7 shows the number of cases opened and closed in 2016.

74. IAIG investigated and completed its cases more quickly in 2016, due in part to the increased size of the team as well as continued emphasis on triaging, which allowed IAIG to focus on the most serious cases. As of 31 December 2016, IAIG had only six cases that had been open for more than six months and no case older than 12 months. In comparison, on 31 December 2015, IAIG had 28 cases that had been open for more than six months, including one older than 12 months.

Table 7. Investigation caseload in 2016

	Number of cases	Per cent
Caseload in 2016		
• *Cases carried over from previous years*	20	25
• *Cases received in 2016*	59	75
Total	**79**	**100**
Cases closed in 2016	**56**	**71**
Cases carried over to 2017	**23**	**29**

75. Twenty-nine cases of the 56 cases closed in 2016 (55 per cent) were substantiated. In 23 cases (41 per cent), IAIG concluded that the allegations were not substantiated. Additionally, the allegations in five cases were outside of the UNOPS mandate. IAIG thus referred three cases to national authorities and two to other United Nations organizations.

Substantiated cases

76. The 28 substantiated cases involved 23 personnel members and 35 vendors.[8] IAIG referred personnel members in 20 cases to the Human Resources Legal Officer for disciplinary action.[9] IAIG also referred vendors in 13 cases to the Vendor Sanctions Committee. Three of these cases involved both personnel and vendors and were thus sent to both departments for further action. The majority of the cases where misconduct was found involved fraud or financial irregularities (21 cases).

Table 8. Outcome of investigation cases in 2016

Action taken	Count
A. Cases not substantiated	
• *After initial review or preliminary assessment*	16
• *After investigation*	7
Subtotal	23
B. Cases outside UNOPS mandate	5
C. Cases substantiated	28
Total	56

Financial losses and recovery thereof

77. The total financial loss that was substantiated in investigation reports from IAIG in 2016 amounted to $349,282 ($344,586 in fraud, $4,000 in bribery and $696 in medical fraud – see annex 4). This amount was less than 0.1 per cent of UNOPS total annual resources. The majority identified was client funds ($266,838) while the rest ($82,444) constituted UNOPS funds. These matters were referred to management for recovery.

Management letters

78. In 2016, IAIG issued 10 management letters to relevant business units to addresses weaknesses in internal controls, as identified by investigators. This was a slight increase from 2015 when IAIG had issued nine management letters. They covered a wide range of topics. For example, IAIG received several complaints that unknown external parties posing as UNOPS personnel were charging vendors for procurement awards. IAIG therefore recommended that UNOPS review its information technology security policies to prevent the "spoofing" of UNOPS email accounts.

Action taken in cases of misconduct (2016)

79. IAIG issued 31 reports in 2016 for 29 cases (see annex 4). Some cases have more than one subject, which meant that more than one report may have been issued for a single case.

80. Based on the 20 reports that IAIG sent to the Human Resource Legal Officer concerning 23 personnel members:

(a) four individuals were disciplined. All four had their contract terminated;

(b) three individuals separated from UNOPS before the investigation was completed. A letter was placed in their file indicating that they would have

[8] The same personnel member was subject in two separate cases.

[9] Nineteen of the cases were closed in 2016 while one referral was for a case that had two parts and thus remained open in 2017.

been charged with misconduct had they remained employed with the organization.

(c) the cases for 16 individuals were pending at the end of 2016. Five of the 16 people were still employed by UNOPS as at 15 January 2017. Seven of the 15 had left before the investigation was completed, and four others left after they were referred to the Human Resource Legal Officer.

81. One investigation report was submitted to the Ethics Office, which made its independent determination that the complainant did suffer retaliation and issued appropriate recommendations. That case was one of the 20 cases referred to the Human Resources Legal Officer.

82. In one case, IAIG found misconduct involving an employee of another United Nations organization. UNOPS referred the investigation report to the other organization for appropriate action.

Action taken in cases of misconduct (prior cases)

83. Management also addressed matters against eight individuals whose cases originated prior to 2016. Seven individuals were disciplined (contracts terminated from UNOPS), while one left before the investigation was completed. Hence, UNOPS placed a note in this person's file indicating that s/he would have been charged with misconduct had s/he remained employed with the organization.

Vendor sanctions

84. IAIG referred 13 cases involving 35 vendors and eight principals to the Vendor Review Committee in 2016. The Vendor Review Committee took action in five of the 13 cases. As a result, UNOPS debarred two vendors for five years and permanently debarred two vendors and their principals. The committee also censured three other vendors.[10] The other eight cases remained under review by the committee at the end of 2016.

85. In addition, the Vendor Review Committee took actions against two vendors whose cases originated prior to 2016. One vendor was debarred for one year and another one for five years.

86. In one case where a vendor misappropriated $85,000 of UNOPS funds, IAIG recommended to refer the vendor to the national authorities.

87. To date, UNOPS has sanctioned 53 vendors and company principals based on IAIG findings. More details, including all UNOPS entries to the United Nations ineligibility list, are publicly available on the UNOPS website.[11]

C. Strengthening the investigative capacity

88. In 2016, IAIG had three dedicated professionals who were supported by an investigative assistant. IAIG also recruited an additional person to perform legal quality insurance of investigation reports. IAIG continued to rely upon consultants for additional support, and used the services of a company with which it has a long-term agreement to perform its forensic computer services.

89. In 2016, IAIG successfully closed the majority of the recommendations stemming from the independent peer review it underwent in 2015. The implementation of these recommendations will enhance the effectiveness of IAIG. A number of standard operating procedures were added or updated to augment current practices. As a result, a variety of administrative processes were

[10] The censures do not affect their eligibility to do business with UNOPS or the United Nations, but they would be considered an aggravating factor in any future proceeding. UNOPS organizational directive 41, Framework for determining vendor ineligibility/sanctions, section 8.2.1.

streamlined. The one outstanding recommendation relates to legislative changes that are currently waiting for approval from the governance, risk management and compliance Legislative Framework Committee.

90. One of the outcomes of the recommendations is a standard operating procedure and referral template formalized by IAIG, in consultation with the People and Change Group, regarding how and when the People and Change Group refer cases of harassment and abuse of authority. IAIG also established a formal standard operating procedure for referrals to national authorities and recovering restitution in cases of loss identified during investigation, due to fraud or other misconduct.

91. There were a number of agreements with stakeholders resulting from implementation of peer review recommendations. For example, while the United Nations High Commissioner for Refugees (UNHCR) was to continue to be the primary investigative office for allegations against personnel working operationally for UNHCR, it was agreed that IAIG, the Legal Practice Group, the People Change Group, and the Ethics Office would maintain separate reporting channels for harassment, retaliation and all other types of misconduct. IAIG will remain the main reporting channel for misconduct other than harassment and retaliation, such as fraud and sexual assault.

92. IAIG continues to focus its limited resources on serious cases and refers less serious matters to the appropriate offices; for instance, as noted earlier, IAIG has worked with the People and Change Group on harassment and abuse of authority cases. It has also continued to work closely with senior managers, who may undertake initial reviews of allegations on its behalf.

D. Fraud prevention

Training

93. IAIG recognizes the high-risk environments in which UNOPS operates and is committed to strengthening preventative measures, particularly in the field of fraud. In 2013, UNOPS introduced a standards of conduct workshop for UNOPS personnel. The objectives are to proactively raise the awareness of UNOPS employees on the importance of operating in line with the highest ethical standards, aligning the work UNOPS does with the UNOPS vision, mission and values, as well as training personnel to spot potential issues and know how to report them. IAIG also conducts a session on ethics and integrity in project management at every project management foundation course, which is held quarterly. In 2016, a total of 505 personnel were trained in 19 workshops and trainings around the world.

94. During 2016, IAIG also supported the Global Shared Services Centre in Bangkok to verify all separating personnel members during the exit procedure, ensuring that there are no outstanding issues concerning them.

Integrity, ethics and anti-fraud survey

95. The organization is committed to deterring, detecting and preventing fraud and other misconduct in the performance of its mission and in the conduct of its operations. Therefore, in collaboration with the Ethics Office, IAIG issued its fifth annual confidential survey regarding integrity, ethics and anti-fraud. The survey was issued in three languages: English, French and Spanish. The United Nations Board of Auditors has recognized it as a good practice, and also noted that UNOPS is the only United Nations organization that conducts this type of annual survey.

96. In 2016, 41 per cent of UNOPS-supervised personnel participated in the survey, which is higher than the prior year's response rate of 28 per cent. The

survey provided valuable insight into areas of susceptibility to fraud, employees' concerns and the effectiveness of deterrence programmes and mechanisms for addressing issues. The results of the survey will be incorporated into the planning of future activities, such as training and other preventative measures.

X. Summary of follow-up of internal audit recommendations

A. Implementation of audit recommendations issued in 2016 and prior years

97. In line with the international professional practices framework for internal auditing, the IAIG annual workplan included follow-up and monitoring activities to ensure that management actions have been effectively implemented. Since May 2016, IAIG also tracks recommendations resulting from investigations.

98. Table 9 shows the outcome, as of 15 January 2017, for all audit recommendations issued between 2008 and 2016. Of the audit recommendations issued in or prior to 2014, 100 per cent were implemented. The overall implementation rate of audit recommendations at 31 December 2016 was 93 per cent, compared to 2015, which was at 96 per cent. Though slightly lower than 2015, there is still high management responsiveness to implementing the audit recommendations, especially given the increase in the number of recommendations issued in 2016 resulting from the OneUNOPS fraud risk assessment (62 recommendations) and the review of UNOPS treasury functions (21 recommendations).

B. Recommendations unresolved for 18 months or more

99. The number of audit recommendations issued more than 18 months before 31 December 2016 (on or before 30 June 2015) that remained unresolved was two (0.6 per cent of the total 308 outstanding recommendations), as compared with the figure for the end of 2015, when four (2 per cent) of 164 recommendations were outstanding. All recommendations reported as outstanding for more than 18 months in last year's annual report have now been closed. Details are provided in annex 1.

Table 9. Status (as of 15 January 2017) of implementation of audit recommendations issued before 31 December 2016

	2008-2014	2015			2016			Total for 2008-2016
Number of audit recommendations	Total	IAIG audit	Project audit	Total	IAIG audit	Project audit	Total	
Implemented/closed	3,788	59	22	81	34	2	36	3,905
as a percentage	*100*	*58*	*39*	*51*	*16*	*3*	*13*	*93*
Under implementation	0	42	35	77	173	58	231	308
as a percentage	*0*	*42*	*61*	*49*	*84*	*97*	*87*	*7*
Total	3,788	101	57	158	207	60	267	4,213

XI. Operational issues

A. Resources

100. During 2016, the internal audit section consisted of one manager, audit section (P5), two internal auditors (P4 and P3), three audit specialists (I-ICA 2[11]), and one audit assistant (L-ICA 4[12]). The Director of IAIG (D1) provides general direction and support to the section. IAIG is now pleased to confirm the recruitment of an audit specialist for the Peace and Security Cluster based in New York from August 2016 and funded by IAIG.

101. The investigations section is composed of one senior investigator (ICS 12: P5), one investigator (ICS 10: P3), three investigations specialists (two I-ICA 2 and one I-ICA 1) and one investigative assistant (L-ICA 5).

102. The total budget for IAIG in 2017 is $3.0 million ($3.050 million in 2016), with $1.672 million ($1.691 million in 2016) allocated to audit activities and $1.327 million ($1.359 million in 2016) allocated to investigative activities.

103. The IAIG internal structure is supplemented by the engagement of third party professional firms and individual consultants. Further, IAIG continued to retain a part-time editor for quality assurance of internal audit reports.

B. Involvement with professional bodies and other groups

104. IAIG has continued its involvement with the Representatives of Internal Audit Services of the United Nations Organizations (UN-RIAS) and Representatives of the Internal Investigations Services of the United Nations Organizations (UN-RIS), coordinating internal audit and investigative activities among United Nations organizations, both in the quarterly virtual meetings as well as the annual face-to-face meeting, the next one of which is scheduled in September 2017. In 2015, the Director of IAIG was appointed Vice-Chair of UN-RIAS, a position he held until September 2016.

105. IAIG coordinated its work plan with the United Nations Board of Auditors. In 2016, audit recommendations and audit results were continually shared, as well as the final audit reports together with management responses.

106. IAIG has worked closely with the Joint Inspection Unit in order to strengthen internal oversight within UNOPS. IAIG will also participate in the networking group of the Heads of Internal Audit of International Organizations in Europe in April 2017 and will participate in the annual Conference of International Investigators in September 2017.

107. In 2016, UNOPS, and IAIG, became the first United Nations organization to sign an anti-fraud/corruption memorandum of understanding with the Australian Department of Foreign Affairs and Trade, as well as with the United States Special Inspector General for Afghanistan Reconstruction. The memorandum recognizes the strong relationship IAIG has with client audit/investigations units, and enhances the mutual goal of combatting fraud and corruption in the countries in which IAIG operates. It is also an especially strong assurance-building tool for field colleagues who are negotiating for client funds.

108. As mentioned in last year's annual report, IAIG became a law enforcement and government partnership member of the Association of Certified Fraud Examiners (ACFE). IAIG also attended the Annual ACFE conference. UNOPS is the first United Nations organization to have this membership. Association of

[11] I-ICA: International Individual Contractor Agreement
[12] L-ICA: Local International Contractor Agreement

Certified Fraud Examiners membership will increase UNOPS standard of practice and recognition among other United Nations organizations.

109. In 2016, IAIG continued its formal relationship with the Institute of Internal Auditors, to whose international professional practices framework it adheres and of which all IAIG auditors are members. Auditors also met their continuing professional education requirements and maintained their respective audit and accounting designations and memberships.

110. IAIG participated in the 17th Conference of International Investigators and in the third informal meeting of the heads of investigations of United Nations organizations.

C. Strengthening the audit function

111. IAIG undergoes continuous improvement to its professional practices, internal policies and procedures to remain relevant and current.

112. During 2015, IAIG implemented the use of Wrike, an online work planning and resource allocation tool, so that limited audit and investigations resources can be used more efficiently and effectively. This tool has proved vital in IAIG audit planning, tracking of tasks and day-to-day activities. Use of the tool was expanded and refined and has significantly improved productivity and information flow.

113. Throughout 2016, IAIG has undertaken new and continuous improvement initiatives, such as the use of data analytics, auditing for fraud and supporting the governance, risk management and compliance framework initiative.

D. Data analytics

114. During 2016, IAIG started using data analytics to proactively monitor risks and issues, and also to prevent and detect possible fraudulent and anomalous transactions. This addresses requests from the Executive Board and Audit Advisory Committee that IAIG boost proactive audit and investigation efforts.

115. IAIG developed a dashboard for continuous auditing tools and queries to enable ongoing and proactive monitoring of risks. IAIG communicates anomalies identified with management so that corrective action can be taken. In 2016, IAIG issued two quarterly reports on its findings identified through the use of data analytics. Some of the key findings are as follows:

(a) The vendor management process at UNOPS is prone to serious risks and lapse of controls, including: 111 duplicate vendor accounts; duplicate or overpayments amounting to $35,727; and 59 employees with the same bank details as UNOPS suppliers. Management is taking action to address them.

(b) The top 10 overspent projects incurred an estimated overspend of $3.25 million in the third quarter of 2016.

(c) Forty-seven ongoing projects were operating beyond their approved end dates and amendments to project legal documents were required.

116. The IAIG strategy in 2017 is to have a full-time data analytics resource that will be responsible for continuous auditing and fraud detection and prevention. This will enable IAIG to perform faster, cheaper and better audits in an innovative manner.

E. Fraud topics

117. IAIG, together with other United Nations organizations, has identified the need to review how fraud is approached as part of its internal audit assignments. This was echoed by the Representatives of Internal Audit Services of the United Nations Organizations. In 2017, IAIG plans to have a fraud risk focus in each

internal audit engagement. In 2016, a fraud expert was consulted to create specific anti-fraud audit programmes with targeted fraud detection audit procedures, which will cover the focus areas of procurement. The data analytics work above is also directed at fraud detection and prevention.

F. Governance, risk management and compliance framework

118. As discussed above, UNOPS is implementing its governance, risk management and compliance framework. The objective is to increase UNOPS capacity to "reliably achieve our objectives, while addressing uncertainty and acting with integrity" and to support required behavioural changes to better implement UNOPS activities.

119. Some practical changes have already been implemented and, in September 2016, the Executive Director promulgated Executive Office directive 1, revising the UNOPS legislative framework. The Executive Director also created the Legislative Framework Committee, of which IAIG is a part, to coordinate the revision of UNOPS organizational directives and administrative instructions.

120. The framework introduces a "three lines of defence" model that is integral to ensuring that the organizational structure best supports and facilitates compliance. IAIG, as the independent internal assurance provider, is the third line of defence.

121. In 2017, IAIG will support the governance, risk management and compliance framework through four key avenues to:

(a) ensure implementation of recommendations from the fraud risk assessment of OneUNOPS;

(b) improve the embedding of manual processes into OneUNOPS;

(c) build on the implementation of the IAIG continuous reporting tool in OneUNOPS (which enables continuous and proactive monitoring of organizational risks, including fraud risks, and ensures optimum levels of internal control), and act as an incubator for monitoring tests which can be handed off to second line of defence units (for example, the Finance Group and the Headquarters Contracts and Property Committee); and

(d) continue to provide support and insight to the Legislative Framework Committee.

122. Furthermore, IAIG will explore how its risk assessment methodology can be informed by this framework, as it becomes more operational.

G. External quality assessment

123. With a view to improving its internal audit function, IAIG plans on having this function undergo an external quality assessment during 2017. Such a review is required per the Institute of Internal Auditors standards, which require external assessments to be conducted once every five years. The last such external assessment was conducted in September 2012.

124. IAIG will conduct a readiness exercise prior to the external assessment, including updating its current quality assurance and improvement programme.

XII. Audit Advisory Committee

125. During 2016, the Audit Advisory Committee continued to review the annual workplan, budget, regular progress reports and annual report of IAIG, and to provide advice on increasing the effectiveness of the internal audit and investigation functions. The Audit Advisory Committee annual report for 2016 is included in annex 3.

United Nations DP/OPS/2017/4

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

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Reports of UNDP, UNFPA and UNOPS ethics offices

Activities of the UNOPS Ethics Office in 2016

Report of the Ethics Office

Summary

The UNOPS Ethics Officer provides the present report annually to the Executive Director, pursuant to UNOPS organizational directive number 15, paragraph 43. The report is submitted to the Executive Board at its annual sessions, pursuant to Board decision 2010/17.

The Ethics Panel of the United Nations has reviewed the report, in accordance with section 5.4 of the document, United Nations system-wide application of ethics: separately administered organs and programmes (ST/SGB/2007/11, as amended). The UNOPS Audit Advisory Committee has also reviewed the report.

The report covers the period from 1 January to 31 December 2016.

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I. Introduction

1. The present report, the eighth since the establishment of the Ethics Office as a separate entity in UNOPS at the end of January 2009, is submitted annually to the Executive Director of UNOPS and the Executive Board of UNDP, UNFPA and UNOPS.

2. In accordance with the mandate of the Ethics Office to promote the highest standards of integrity and to foster a culture of ethics, transparency and accountability within UNOPS, the present report provides an overview and assessment of the work of the Ethics Office in relation to its areas of responsibility over the reporting period, 1 January to 31 December 2016.

II. Background and general information

3. The Ethics Office was established as an independent office within UNOPS pursuant to the Secretary-General's bulletin (ST/SGB/2007/11, as amended).

4. The main responsibilities of the Ethics Office include:

(a) administering the UNOPS financial disclosure programme;

(b) undertaking the responsibilities assigned to it under the UNOPS policy for the protection of staff against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations;

(c) developing standards, training and education on ethics issues, in coordination with the People and Change Group, and other entities as appropriate, and conducting ethics outreach;

(d) providing confidential advice and guidance to staff on ethical issues (such as conflicts of interest), including administering an ethics helpline; and

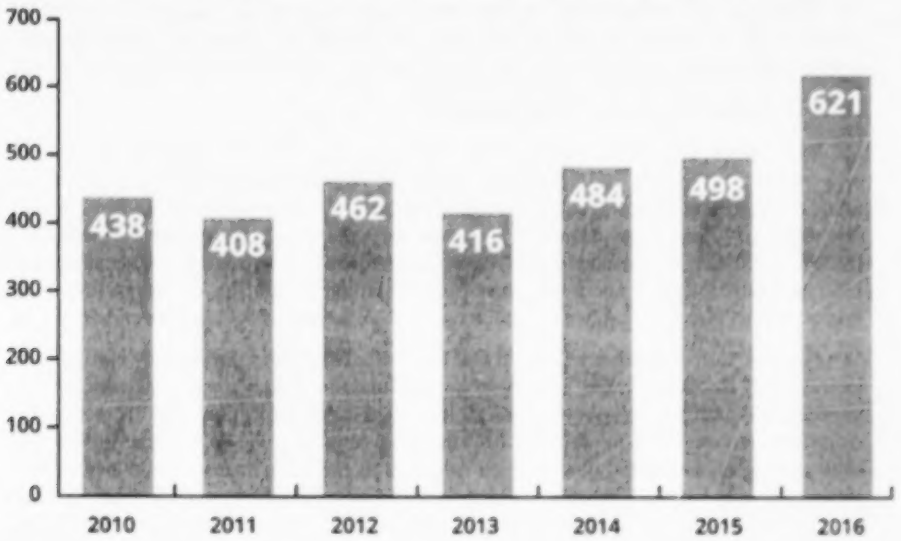
(e) supporting ethics standard-setting and policy coherence within the United Nations system.

5. In accordance with its core mandates, the Ethics Office assists the Executive Director in ensuring that all staff conduct themselves with integrity and professionalism and uphold the Charter of the United Nations. The office seeks to nurture and sustain an organizational culture committed to ethics and accountability, with the aim of enhancing both the credibility and the effectiveness of the United Nations.

6. The Ethics Office was strengthened in December 2015 with an ethics advisor at the P5 level. The new position is full-time and based in Copenhagen.

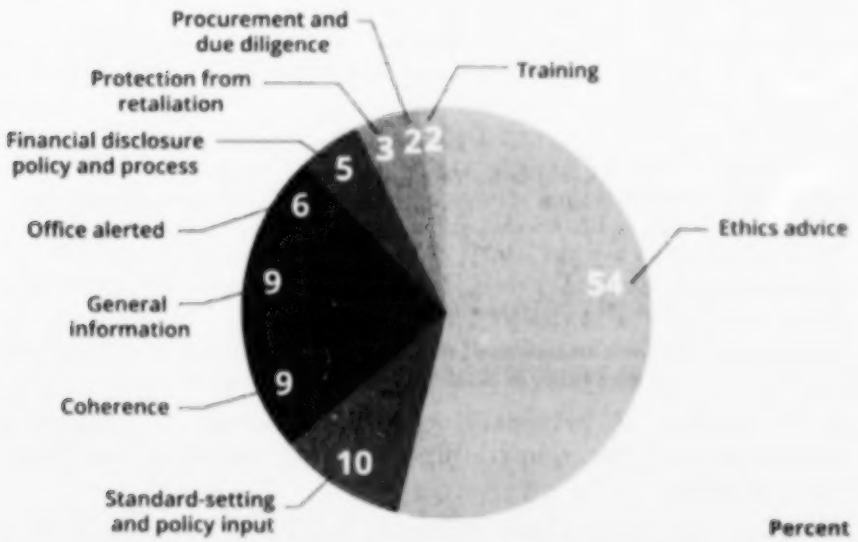
7. Reflecting its role as a consultative, impartial and service-oriented resource within UNOPS, the Ethics Office handled a total of 621 matters from 1 January 2016 to 31 December 2016. This represented an increase in the number of requests for services received by the office as compared with the preceding reporting period. Figure 1 depicts the comparison of the respective figures for the period 2010-2016.

Figure 1. Comparison of requests for services by reporting cycle, 2012-2016



8. Requests for services received during 2016 covered a broad range of ethics matters, including the permissibility of outside activities; acceptance of gifts/hospitality; policy advice; standard-setting support; and protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations. Figure 2 below provides a breakdown of requests by category.

Figure 2. Volume of requests for services by category, 2016



III. Activities of the Ethics Office

9. The areas of responsibility of the Ethics Office collectively support its strategic objective of promoting an ethical organizational culture that enhances organizational integrity, accountability, efficiency and productivity.

A. Financial disclosure programme

10. The Ethics Office is mandated to administer the UNOPS financial disclosure programme as a means of identifying, managing and mitigating personal conflict-of-interest risks. The overall goal of this programme is to strengthen public trust in the integrity of the organization. Pursuant to the Secretary-General's bulletin (ST/SGB/2007/11, as amended), UNOPS organizational directive number 23 and advice from the Ethics Officer, personnel identified as falling within the categories listed in organizational directive number 23 were required to file annual disclosure statements.

11. Pursuant to the increasing concern that asset disclosure does not identify conflicts of interest very successfully, is expensive considering the limited results it achieves, is unnecessarily intrusive, wastes a considerable amount of personnel time, and distracts from work for no substantial purpose, UNOPS, after discussing these views for some time in the Ethics Panel of the United Nations, and raising it at the 2016 annual conference of the Ethics Network of Multi-Lateral Organizations, has adopted on a pilot basis a new financial disclosure and conflict of interest form in 2016. The main aim is to help better identify and more effectively manage actual, potential and perceived conflicts of interest.

12. The new form uses simpler terminology than the old form and, for the first time, the form and supporting documents are available in all three UNOPS working languages: English, French and Spanish. The new form is provided in an online platform developed by the UNOPS in-house information and communications technology development team. It includes 'accordion' questions, where a positive response to one question automatically triggers related follow-up questions, thus significantly reducing the need for extensive follow-up questions by email after review of the completed forms. The form recognizes modern relationships and is extended to include questions regarding filers' 'domestic partners' and not just spouses. Above all, the questions are phrased to increase awareness of possible conflicts of which recipients had so far been unaware, or had thought unimportant. In this regard, the Ethics Office was very pleased to note the direct interest taken by the Executive Director in the new form, including a detailed review of the questions.

13. The filing process started later in the year than usual, given UNOPS adoption of a new enterprise resources planning system in 2016. The new approach required considerable work, both in terms of substance and technology. At the writing of this report, the pilot is still ongoing. UNOPS can confirm, however, that all 713 personnel required to file a financial disclosure and conflict of interest statement have done so. The filed statements are currently being reviewed by an external service provider in accordance with new guidelines drawn up by the Ethics Office.

14. UNOPS will provide an analysis of the pilot approach to the Executive Board in the annual report of the Ethics Office in 2017.

B. Protection of personnel against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations

15. Pursuant to the Secretary-General's bulletin (ST/SGB/2007/11, as amended), the Ethics Office is mandated to implement the United Nations policy on protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or

investigations. In accordance with UNOPS organizational directive number 35, the Ethics Office receives complaints of retaliation and conducts preliminary reviews to determine whether a complainant has engaged in protected activity and, if so, whether the protected activity was a factor contributing to the alleged retaliation. On the basis of its preliminary review, should the office determine that there is a prima facie case of retaliation, the matter is referred to the Internal Audit and Investigations Group (IAIG), or to an alternative investigating mechanism, if required, for formal investigation.

16. Pending the completion of a referred investigation, the Ethics Office may recommend to the Executive Director that interim protection measures be implemented to safeguard the interests of the complainant. The office will make a final recommendation to the Executive Director for her determination subsequent to receipt and assessment of the completed investigation report and evidentiary materials.

17. In the reporting year 2015, after an investigation by IAIG, and the review of the investigation report and its supporting materials, the Ethics Officer had referred a request for protection to the Executive Director with his recommendation. This matter was outstanding at the end of the last reporting period, and as such the Executive Board was not informed of the result in the 2015 report. After reviewing the IAIG report and the recommendation of the Ethics Officer, the Executive Director rejected the staff member's request for protection. The staff member was informed in early 2016.

18. In 2016, the Ethics Office received four requests for protection against retaliation. One was a request from a colleague who initially approached the Ethics Office to report the alleged mismanagement of a project. The Ethics Office liaised with other units to have those claims investigated discreetly. Some months later, the whistleblower claimed he had suffered from retaliation, which had taken the form of contractual changes. The Ethics Officer was able to establish that the contractual changes were to the advantage of the whistleblower and reassured the colleague that there had been no retaliation.

19. The three other requests for protection against retaliation originated from a single unit over a period of several months. In the first case, the Ethics Officer found a prima facie case of retaliation, and referred the matter to IAIG for investigation. After a very thorough investigation, IAIG concluded that UNOPS was unable to prove through clear and convincing evidence that the detrimental action suffered by the complainant was not tainted by an improper motive of retaliation. The Ethics Officer concurred with the report's conclusions and made a corresponding recommendation to the Executive Director. In the two other cases, the Ethics Office found no prima facie case of retaliation as neither complainant had engaged in a protected activity, but the Ethics Office did find that one of them had suffered 'spillover retaliation' as a result of his association with the original complainant.

20. The alleged retaliator admitted retaliation and accepted an agreed sanction that resulted in separation from the organization. During the process, the original complainant's contract was continuously renewed to effect protection; afterwards, the complainant accepted a new assignment in a popular duty station working for a director in whom the complainant had expressed trust and who was aware of the retaliation. After three months in the new position, the complainant resigned, citing stress. Because the colleague had suffered from spillover retaliation, the Executive Director corrected the consequences of the retaliation and the colleague in question continues to work with UNOPS. The Ethics Office also provided continuing confidential support to the third colleague from the same unit who had not suffered retaliation, within the terms of UNOPS organizational directive number 35, but was deemed to be in a vulnerable position during the process. That colleague continues to work with UNOPS.

21. Effective implementation of the protection against retaliation policy remains an essential means of promoting an organizational culture that encourages staff to speak out

against behaviour that places the reputation and standing of UNOPS at risk. In addition to the thorough and timely review of received retaliation complaint cases, the Ethics Office will continue to articulate the purpose, scope and availability of the protection against retaliation policy to personnel. The Ethics Office considers raising awareness of the policy as one means of preventing retaliation. The Ethics Office further notes that the retaliation case discussed above was one of the factors that led the Executive Director to create a task force to review and improve the policies governing how grievances are handled in UNOPS. The task force included the People and Change Group, the Legal Group, IAIG and the Ethics Office.

C. Outreach, training and education

22. UNOPS provides online ethics training via the online learning programme known as Integrity Awareness Initiative, which is directed at personnel at all levels and focuses on core values and standards of integrity to be observed in the workplace.

23. The Executive Director has decided to further strengthen the ethics function in 2017, so as to continue fostering a culture of ethics, integrity and accountability. To enable that enhancement, UNOPS has budgeted funds for administrative support and a new online onboarding ethics course, (in addition to the extra funds allotted at the end of 2015 for the appointment of an ethics adviser at the P5 level). UNOPS will report to the Executive Board on the implementation of this new course, and its impact, in its annual report of the Ethics Office 2017.

24. In 2016, the Ethics Advisor presented a number of training sessions to colleagues from both the field and headquarters. These included co-presenting with the Internal Audit and Investigations Group two interactive ethics training sessions to field colleagues attending the project management foundation course, and giving a presentation on sexual exploitation and abuse at the retreat of the Cote d'Ivoire operations hub. The Ethics Advisor also wrote and presented the ethics-in-procurement segment of the three-day training in procurement operations training, and gave a presentation to the Procurement Group on the function of the Ethics Office.

25. The Ethics Officer receives the agendas of senior management meetings, namely, those of the Corporate Operations Group, and decides whether to attend as an observer. In 2016, he attended most meetings. He also attended the global management meeting at headquarters. The Ethics Officer continues to support the Internal Audit and Investigations Group and other headquarters groups' initiatives in anti-corruption and identification of risk in procurement. The Ethics Office cooperated with the Internal Audit and Investigations Group in the production and holding of the annual survey on integrity, ethics and anti-fraud. The Ethics Office also cooperated with consultants engaged by the Risk and Quality Group to examine fraud risk in UNOPS. Finally, the Ethics Advisor worked with the People and Change Group on the standards of conduct and ethics segment of their training course for human resources practitioners and with the Procurement Group on the revision of the ethics section in the procurement manual.

D. Advice and guidance

26. The ethics advisory function is a key element in United Nations efforts to protect and bolster its reputation for integrity. Pursuant to its advisory mandate, the Ethics Office provides confidential ethics advice and guidance to staff, management, departments and offices in order to ensure that decision-making is consistent with the values, principles and rules of the United Nations. This function serves to prevent, mitigate and resolve actual or perceived conflicts of interest and, in doing so, enhances the integrity of UNOPS and its personnel.

27. Demonstrating the significance of the advisory function of the Ethics Office, 54 per cent of all requests for services during the reporting period pertained to ethics

advice (see figure 2). During the period under review, the office received 337 requests for advice services on a wide range of ethics-related concerns. Figure 3, below, shows the categories into which requests for advice are classified (2015 percentages in parenthesis for comparison): outside activities, 24 per cent (18); allegations of misconduct, 6 per cent (12); other conflicts of interest, 3 per cent (2); financial disclosure, 34 per cent (27); employment-related concerns, 22 per cent (26); post-employment restrictions, 2 per cent (1); and gifts and hospitality, 9 per cent (14). There has been a noticeable increase in reported employment-related concerns since the launch of the speak-up campaign. A noticeable trend in 2016 was the increase in the number of consultations of the Ethics Office at the time of recruitment, at the behest of human resources practitioners who had identified a potential conflict of interest in the case of proposed new colleagues.

28. The advice and guidance provided by the Ethics Office during the reporting period included clarification or interpretation of UNOPS regulations, rules and standards concerning prohibited or restricted activities, and, of course, ethical dilemmas. Through inter-organizational consultation and coordination with, inter alios, General Counsel and the members of the People and Change Group, the Procurement Group and the Internal Audit and Investigations Group, the Ethics Office sought to provide policy support and guidance in relation to the interpretation and implementation of organizational standards.

Figure 3. Requests for ethics advice, 2016

E. Assistance to other organizations

29. In accordance with its mandate to provide services to other United Nations organizations, UNOPS provided an ethics function to the World Tourism Organization (UNWTO). The Ethics Officer assisted the United Nations Children's Fund by acting as interim Principal Adviser in its Ethics Office from 1 December 2015 until 8 February 2016.

IV. The Ethics Panel of the United Nations and the Ethics Network of Multilateral Organizations

30. The United Nations Ethics Committee, later renamed the Ethics Panel of the United Nations, was established by Secretary-General's bulletin (ST/SGB/2007/11, as amended), which entered into force on 1 December 2007. The panel is mandated to establish a unified set of ethical standards and policies for the United Nations Secretariat and for the separately administered funds, programmes and specialized agencies, and to consult on certain important and particularly complex cases and issues having United Nations system-wide implications. In 2016, the UNOPS Ethics Officer participated in all ten panel meetings.

31. In accordance with the Secretary-General's ongoing promotion of system-wide collaboration on ethics-related issues, including with United Nations funds, programmes and specialized agencies, and other interested entities, the Ethics Network of Multilateral Organizations (originally called the United Nations Ethics Network) was established on 21 June 2010. The Ethics Network was founded within the framework of the United Nations System Chief Executives Board for Coordination in order to promote system-wide collaboration and coherence in the area of ethics and integrity, with the participation of ethics officers and related professionals from the United Nations Secretariat, United Nations funds, programmes and specialized agencies, and selected international financial institutions.

32. The Ethics Officer, in his capacity as Ethics Officer of UNWTO, and as Vice-Chair of the Ethics Network of Multilateral Organizations (ENMO) for 2016, organized the annual meeting of ENMO, held in Madrid from 12 through 25 July 2016.

33. Full information on the work of the Ethics Panel of the United Nations and the Ethics Network is provided in the report of the Secretary-General on the activities of the [United Nations] Ethics Office (document A/71/334).